**U.S. Department of Housing and Urban Development**

Community Planning and Development

Pay for Success Permanent Supportive Housing Demonstration
FR-5900-N-26

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10/14/2015
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Pay for Success Permanent Supportive Housing Demonstration

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TABLE OF CONTENTS


I. Funding Opportunity Description.
II. Award Information.
III. Eligibility Information.
- A. Eligible Applicants.
- B. Cost Sharing or Matching.
- C. Other.

IV. Application and Submission Information.
- A. Obtaining an Application Package.
- B. Content and Form of Application Submission.
- C. DUNS Number and SAM Registration.
- D. Application Submission Dates and Times.
- E. Intergovernmental Review.
- F. Funding Restrictions.
- G. Other Submission Requirements.

V. Application Review Information.
- A. Criteria.
- B. Review and Selection Process.
- C. Anticipated Announcement and Award Dates.

VI. Award Administration Information.
- A. Award Notices.
- B. Administrative, National and Departmental Policy Requirements.
- C. Reporting.

VII. Agency Contact(s).
VIII. Other Information.
IX. Appendix.

**U.S. Department of Housing and Urban Development**

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| **Program Office:** | Community Planning and Development |
| **Funding Opportunity Title:** | Pay for Success Permanent Supportive Housing Demonstration |
| **Announcement Type:** | Initial |
| **Funding Opportunity Number:** | FR-5900-N-26 |
| **Primary CFDA Number:** | 14.273 |
| **Due Date for Applications:** | **February 11, 2016** |

**FOR FURTHER INFORMATION CONTACT:** Please direct questions regarding the specific program requirements of this Program Notice of Funding Availability (NOFA) to the agency contact identified in Section VII. Please direct questions regarding the FY 2015 General Section to the Office of Strategic Planning and Management, Grants Management Division, at (202) 708-0667 (this is not a toll-free number). Persons with hearing or speech impairments may access these numbers via TTY by calling the Federal Relay Service at 1-800-877-8339.

**Additional Overview Information**

1. Incorporation of the General Section. HUD publishes a General Section each fiscal year that contains mandatory requirements for all applicants to HUD's various competitive grant programs, including this NOFA. Applications must meet all of the requirements of the General Section in addition to the requirements of this NOFA to be considered and potentially receive funding. The full title of the General Section is the General Section to the Fiscal Year 2015 NOFAs for Discretionary Programs. Copies are available at Grants.gov or HUD's Funds Available page, http: //portal.hud.gov /hudportal /HUD?src= /program_offices /administration /grants /fundsavail.

2. OMB Approval Number(s): 2506-0207

## I. Funding Opportunity Description.

### A. Program Description.

**1. Purpose.**

**a. Federal Goals and NOFA Priorities**

**i. Federal Goals to End Homelessness**

In 2010, the Obama Administration released *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness,* [1] in which federal partners set goals to end veteran and chronic homelessness by 2015, and end family and youth homelessness by 2020. However, there were still 84,291 individuals identified as chronically homeless in the United States in 2014[2]. These individuals are persons with disabilities who experience long-term homelessness, and who typically cycle in and out of a variety of crisis services, including hospital emergency departments and inpatient stays, psychiatric centers, jails, and prisons. This cycling between services not only has negative impacts on health and well-being, but also incurs high costs to the public. Permanent supportive housing (PSH) is a proven solution to chronic homelessness, not only helping to increase housing stability and improvements in health, but also lowering public costs by stopping the revolving door between crisis services.

The lack of resources, including cuts due to sequestration, has forced the Administration to push back the *Opening Doors* goal of ending chronic homelessness to 2017, which indicates that communities have a critical need to increase the availability of PSH. HUD has been encouraging communities to prioritize people experiencing chronic homelessness in existing PSH units, and reallocate funds from underperforming programs to create additional PSH. The President's FY 2016 Budget also includes a requested increase of $265 million in HUD's budget to create an additional 25,500 units of PSH. In addition to employing these strategies, communities can also make significant progress in ending chronic homelessness by securing non-traditional funding for PSH.

DOJ and HUD are partnering to advance Pay for Success (PFS), one promising model for financing services that can attract additional, non-traditional sources of funding. The Consolidated Appropriations Act, 2014 (Pub.L. 113-76) and the Consolidated and Further Continuing Appropriations Act, 2015 (Pub. L. 113-235 ) authorized DOJ to make funds available for a PFS initiative implementing the PSH model for a population continuously cycling between the criminal justice system and homeless services. DOJ and HUD entered into an interagency agreement that designates HUD as the agency responsible for implementing the PFS Demonstration, and through this NOFA, HUD is making $8,679,000 available.

**ii. Permanent Supportive Housing Demonstration Target Population**

Research consistently demonstrates a correlation between homelessness and incarceration. Especially within the first month after reentry into the community, individuals released from jail or prison are at high risk of becoming homeless and/or recidivating. National Alliance to End Homelessness (NAEH) estimates that one in five people leaving prison becomes homeless upon reentry into the community, which is an estimate that increases to 30-50 percent in major urban areas.[3] Tracking the cycle of homelessness and incarceration in the reverse, the Council of State Governments and NAEH report that over 10 percent of people recidivating from jail and prison are homeless in the months before their incarceration. This rate jumps to 20 percent among individuals with a mental illness.[4]

In addition to mental health problems and being at risk of homelessness, a significant number of persons in the reentry population also face persistent substance abuse and other chronic health challenges. In many cases, individuals reentering their communities from jail or prison are caught in a revolving door of incarceration, homelessness, crisis healthcare, and children's protective services. For this demonstration, the target population consists of people experiencing homelessness who are high users of corrections facilities, homeless services, health care and other crisis services. While the intent is to prioritize those within the target population with the highest needs, especially persons experiencing chronic homelessness with a history of frequent involvement in the criminal justice system and high service usage, eligibility is not limited to those who meet the definition of "chronically homeless." One of the primary reasons for this approach is to include persons who have been residing in a jail or prison for over 90 days as eligible candidates for the PSH Intervention. This subpopulation is further defined in Section I.A.1.e.i. of this NOFA.

**iii. Permanent Supportive Housing Using a Housing First Approach**

In order to advance the goal of ending homelessness in times of budget constraints, it is critical that communities strategically target existing evidence-based interventions to those who need it most. Extensive research shows that PSH models using a Housing First approach consistently effect positive outcomes for people with long histories of homelessness and chronic disabilities. When assisted with permanent housing and supportive services, people with the most severe medical and behavioral health problems, including those with long criminal histories, show significant decreases in homelessness, arrests, hospitalization, and emergency room visits. Furthermore, when assistance is appropriately targeted, the public costs of shelter, corrections, and health care decline significantly, making the net public cost of serving a person with PSH about the same as or less than the cost of allowing them to remain homeless.[5] Section I.A.1.e.ii. of this NOFA provides more details about Housing First and the essential components of the PSH model.

Being that many people reentering their communities from jail or prison meet the eligibility criteria for PSH, there is growing acceptance of this housing model as a promising intervention for the reentry population. These very PSH programs targeting the reentry population are ongoing throughout the country and are increasing in number.

**iv. Funding a PSH Intervention with the PFS Financing Mechanism**

**(a) What is Pay for Success?**

PFS strategies are typically public-private arrangements that enable a government to test or expand innovative programs while paying only for those that achieve agreed-upon target outcomes. PFS strategies are typically associated with preventive social interventions and are put in action through PFS contracts between a government (or other payor for social outcomes) and a nonprofit social service provider. PFS contracting models involve payors and service providers who agree that all or some portion of payment will not be paid until an agreed-upon set of outcomes or level of impact has been verified. Such payments for outcomes are known as Success Payments. Instead of being applied to the direct costs of housing or services, success payments are made based on the degree to which specific milestones agreed upon in advance are achieved,

using payment rates also determined in advance. Achievement of outcomes is typically verified by an independent evaluator agreed upon by all parties to a transaction.

Given that verification of outcomes that trigger Success Payments may take several years, service providers often will not have the resources to self-finance costs of implementing a preventive intervention during a contract period. For this reason, PFS contracting may require PFS financing, sometimes referred to as "social impact bonds" or "outcomes financing," through which third-party investors provide financial resources necessary to carry out the intervention. Such third-party investment is typically at-risk and return of capital (and any potential return on investment) via the payor is dependent, in whole or in part, on the achievement of outcomes identified in the PFS contract.

**(b) PFS Demonstration Objectives**

DOJ and HUD seek to evaluate the viability of using a PFS financing framework to improve outcomes for people experiencing homelessness with frequent contact with the criminal justice, homeless services, and health care systems through the provision of permanent housing linked with supportive services. The objectives of the PFS Demonstration are to:

**(1)** Pilot test the PFS model operated by an intermediary to learn whether the financing approach is feasible to fund a PSH delivery initiative.

**(2)** Create an opportunity for communities to increase the availability of PSH for the target population, ultimately through a high-quality PFS-finance project, as defined below in Section 1.A.1.b.ii. of this NOFA.

**(3)** Determine whether PSH provided for the target population will reduce recidivism and chronic homelessness.

**(4)** Determine if a PFS-finance PSH Intervention can achieve taxpayer savings and/or improve cost-effectiveness by decreasing government spending on corrections systems, homeless services, Medicaid, and crisis services that are significant enough: (a) to justify the use of a PFS framework; and (b) to ultimately cover the cost of scaling to other jurisdictions (in addition to a return to investors if future scaling occurs with PFS financing).

**(5)** Identify lessons learned and best practices on the feasibility of scaling-up and replicating effective PSH and service delivery interventions in other cities, with and/or without federal funding and technical support.

**b. Introduction to the PFS Demonstration Framework**

**i. Purpose**

The purpose of the PFS Demonstration is to strengthen communities' ability to prevent and end homelessness and reduce avoidable incarceration by increasing the provision of PSH, a proven evidence-based practice. The PFS Demonstration is an opportunity to equip communities with a new financing mechanism for funding PSH projects that will prevent returns to homelessness and reduce recidivism among the reentry population. The PFS Demonstration is also a valuable opportunity to test ways of achieving greater cost-effectiveness in providing homeless assistance while expanding communities' access to available funding for PSH.

**ii. Overview of the Pay for Success Approach**

The key stakeholders in a PFS-finance arrangement are typically a government entity (which pays for negotiated outcome targets once they are achieved and validated), service provider(s) (which carry out the evidence-based intervention), investor(s) (which provide the initial investment that pays for the provision of services), and independent evaluator(s) (which validate outcomes to trigger Success Payments). Typically, an intermediary manages the PFS-finance project entering into an agreement with the government entity to achieve specified outcomes, raise any capital needed from investors, and oversee service providers to ensure that the project achieves the specified outcomes. Because the government entity's Success Payments are dependent on successful outcomes, the private investor(s) take on the risk that the project will be successful (as opposed to the government entity). For this reason, Success Payments include a modest return on investment. Ideally, the intervention will generate cost savings for the government entity, which will cover the initial investment as well as the positive return.

A High-Quality PFS-Finance Project includes the following components:

**(a)** A well-defined problem and associated target population (which, in the case of this NOFA, are already defined for applicants);

**(b)** A preventative service delivery strategy that is managed, coordinated, and guided by the service provider and/or the intermediary and is flexible and adaptive to the target problem and population. In addition, the strategy has a robust, rigorous evidence base or a compelling theory of change with pre- and post-intervention outcomes suggesting at least a preliminary level of evidence, meaning that, at a minimum, the model has evidence based on a reasonable hypothesis and supported by credible research findings. Examples of research that meet the standards include: 1) outcome studies that track participants through a program and measure participants' responses at the end of the program; and 2) third-party pre- and post-test research that determines whether participants have improved on an intended outcome. The PSH model using a Housing First approach is the strategy that will be employed for the PFS-finance project for this NOFA;

**(c)** One or more well-defined, achievable potential outcome target(s) that are an improvement on the current condition anticipated for the target population and have been agreed to by all required project partners;

**(d)** A plan for program evaluation using a randomized control trial, quasi-experimental evaluation, or other scientific methodology to be executed by an evaluator;

**(e)** A binding commitment of funds from one or more independent investors to cover costs associated with delivering the intervention, including administrative and overhead costs of the intermediary, if needed;

**(f)** A financial model that shows public sector cost savings or efficiency gains;

**(g)** A commitment from an individual or entity to act as an outcomes payor, whereby its Success Payments may be directed to Investors if they have covered, in part or in whole, costs associated with delivering the intervention; and

**(h)** A PFS Contract and any associated necessary agreements that incorporate all elements above.

**iii. Phases of the PFS Process for the PFS Demonstration**

**(a) Feasibility Analysis.** During this phase, the intermediary assesses community needs and capacity; identifies the current total costs associated with a population or social problem; projects the potential cost savings to the system (calculations of total cost savings must account for the net effect of any cost shifting among local, state, and federal funding flows) to be achieved through the intervention; identifies opportunities to achieve outcomes more cost-effectively; evaluates the suitability of implementing a PSH Intervention; and evaluates the willingness and capacity of stakeholders to implement a PFS Contract that would result in a PSH Intervention targeting a reentry population cycling between jail/prison and homelessness.

**(b) Transaction Structuring**. During this phase of the PFS process, the intermediary works with the government entity to identify and finalize key factors such as:

**(1)** The outcomes that will be measured and how to measure them (e.g., housing stability, reduced recidivism rates, decreased use of the shelter system and crisis care, etc.);

**(2)** How effects of the project on relevant local, state, and federal funding sources will be tracked in order to measure cost savings and/or cost-effectiveness;

**(3)** The level of risk involved for the government entity;

**(4)** Outcome targets that will trigger Success Payments;

**(5)** A schedule of Success Payments linked to specific outcomes;

**(6)** The available sources of capital for upfront financing, Success Payments, and any other costs related to the project;

**(7)** The participation of key stakeholders (i.e., state or local government agencies, homeless assistance providers, financial institution(s) or foundation(s), third-party evaluator(s)) and the responsibilities of each entity; and

**(8)** Compatibility of the project, including the implementation of the intervention(s) and data collection, with the independent evaluation.

Also within this phase and informed by the above, stakeholders negotiate the specific terms of the PFS Contract for the implementation of a PSH Intervention targeting the reentry population. In fidelity to the PFS

model, applicants are expected to comprehensively account for all costs and all risk under the PFS Contract.

Ramp-up activities during the early post-closing phase of a contract may be considered part of the Transaction Structuring phase if the applicant justifies why such ramp-up costs are necessary to move the contract to implementation, why such costs cannot be included in the PFS Contract, and how the PFS Contract accounts for the fact that ramp-up activities will be funded separately, including how Success Payments account for any risk that may be borne by the government based on funding of ramp-up activities. Applicants should specifically address how the PFS Contract will account for any potential changes in risk associated with the separate funding of ramp-up activities and how the PFS Contract will allow for potential appropriate contract modifications based on lessons learned during the ramp-up phase, including potential modification of outcome targets, time horizons, programmatic changes, and the amount and structure of Success Payments.

**(c) PFS Contract Implementation.** During this phase, the terms of the PFS Contract are carried out. Homeless assistance providers administer the PSH Intervention to the reentry population; the intermediary provides continued oversight and support throughout service delivery; third-party evaluators collect data, monitor performance, and provide an ongoing assessment of performance outcomes. At the point that the third-party evaluator validates that an outcome target has been reached, a Success Payment is made to the investor(s), per the terms of the PFS Contract.

**iv. PFS Demonstration Key Roles and Partnerships**

**(a) Grantee.** A grantee is the intermediary that is responsible for assessing the feasibility of a PFS project and/or structuring a PFS transaction and/or overseeing implementation of a PFS project. These activities may include partnership building, capital-raising activities, program design for the target population at the Demonstration Site, managing contracts with service providers, making Success Payments on behalf of the government entity or other payors, and managing third-party evaluators. Intermediaries may carry out all activities directly and/or subaward funds to subrecipients or procure the services of contractors to carry out PFS activities. Eligible applicants are described in Section III.A. of this NOFA, and information regarding required documentation to substantiate eligibility is provided in Section IV.B.1. of this NOFA.

**(b) Government Entity.** A government entity is a local, state, or tribal government or public agency or office that partners with an intermediary to carry out a PFS-finance PSH Intervention for the reentry population. The government entity may be one of several payors, who are responsible for making Success Payments when successful outcomes are achieved; however, at least one payor must include a government entity per Demonstration Site for the purposes of implementing the PFS-finance PSH Intervention. Intermediaries may issue Success Payments on behalf of the government entity or may subaward grant funds to the government entity for Success Payments or other eligible grant activities as necessary.

**(c) Intermediary Advisor.** An Intermediary Advisor is an entity with substantial PFS experience that agrees to serve as the grantee's mentor for purposes of the PFS Demonstration. An Intermediary Advisor is only required for those grantees without direct experience in performing PFS activities, including conducting a Feasibility Analysis, structuring a PFS Contract, managing a third-party evaluator, and/or facilitating Success Payments.

**(d) Homeless Assistance Providers.** Homeless assistance providers are nonprofit entities that are responsible for the direct provision of PSH housing and services for the reentry population as part of the PFS-finance PSH Intervention. The PFS-finance PSH Intervention guidelines are outlined in Section I.A.1.e.ii. of this NOFA.

**(e) Social Investors.** Social investors are financial institutions, philanthropies, other entities, or individuals that provide the initial investment to cover the direct costs of the PSH Intervention and receive Success Payments once outcomes are achieved.

**(f) Third-Party Evaluator.** The third-party evaluator is the entity responsible for validating outcomes to trigger Success Payments. If awarded PFS Demonstration funds for Outcome Evaluation, the grantee may subaward funds to or procure the services of the evaluator.

**(g) Demonstration Site.** A demonstration site is a specific service area selected from an area with a high concentration of individuals meeting the eligibility criteria of the target population (see Section I.A.1.e.i. of this NOFA), which is agreed upon by all stakeholders as defined in Section I.A.1.b.iv. of this NOFA, where the PSH Intervention will be executed or, for cases of Feasibility Analysis, is proposed. A Demonstration Site is considered to have a high concentration of the target population when stakeholders can expect to serve at

least 100 eligible households through the PSH Intervention in that area. Applicants may only submit one application per Demonstration Site but may submit multiple applications if they wish to apply for more than one Demonstration Site.

**(h) Partnership.** Applicants must have an existing or potential partnership with the applicable government entity for the Demonstration Site. Applicants must demonstrate this existing or potential partnership by including a Letter of Interest in their application package, in which the government entity establishes that it intends to partner with the applicant to pursue a PFS-finance PSH Intervention. See Section IV.B.1. of this NOFA for additional details about the information that must be included in the Letter of Interest.

**(i) Subrecipients/Contractors.** Grantees may subaward funds to subrecipients or procure contractors to carry out award activities as necessary.

**(j) Department of Housing and Urban Development (HUD).** HUD is the federal agency responsible for administering the PFS Demonstration, which involves awarding grants to intermediary organizations, providing grantee support and oversight, and conducting an independent process evaluation for the demonstration.

**(k) Department of Justice (DOJ).** DOJ is the federal agency with which HUD will consult in administering the PFS Demonstration. DOJ will be involved in HUD's PFS Demonstration evaluation, scoring applications, making funding decisions, and providing guidance, as necessary.

**c. Eligible Activities**

HUD intends to award grants to facilitate work in all three phases of the PFS process. The PFS Demonstration will fund grantees for one or more of the eligible activities described in this section. Because the costs for each activity type may vary depending on the services provided and/or the location of the Demonstration Site, the PFS Demonstration grant funds available may not cover the full cost in every case. In fact, the funding available for Outcome Evaluation and Success Payments is unlikely to cover the full cost; however, DOJ and HUD do want to make a limited amount available to grantees for this purpose. Applicants are encouraged to leverage and align philanthropic resources and local funding with PFS Demonstration funds as necessary. DOJ and HUD will prioritize applications that can provide evidence or demonstrate the likelihood of leveraging additional funds for PFS Demonstration activities.

**i. Feasibility Analysis**

**(a) Objective.** The objective of this eligible activity is to provide government entities and/or nonprofit service providers with the resources and expertise needed to effectively determine their ability to participate in PFS Contracts and structure transactions that have a high likelihood of success and meaningful social return on investment.

**(b) Activities.** In carrying out Feasibility Analysis activities, grantees will provide technical assistance to government entities, nonprofit service providers, or existing partnerships thereof to identify PFS financing opportunities and to assess the suitability of and potentially prepare for PFS transactions that will result in the implementation of a PSH Intervention. Activities may also include supporting the infrastructure required to implement PFS Contracts, such as improving data collection and analysis capacity. Appropriate TA services may include, but are not limited to, the following activities, as applicable or allowed by federal, state and local laws and regulations (also see the description of the Feasibility Analysis phase in Section I.A.1.b.iii.(a). of this NOFA for examples of acceptable activity types). Feasibility Analysis activities do not include funding for the provision of housing or supportive services.

**(1) Organizational/Programmatic Activities**

**(A)** Assess the likelihood of success of a PSH model financed by PFS in the local context;

**(B)** Assess strength, expertise and capacity of relevant nonprofit PSH providers to deliver desired outcomes consistent with HUD's programmatic guidelines for PSH;

**(C)** Assess available local, state, tribal, and/or federal administrative data and other available evidence, data and information relevant to carrying out a potential PFS PSH Intervention, including data matching and analysis;

**(D)** Provide due diligence, program design and advisory services to assist government entities in determining whether and how to engage in the planned PSH Intervention using PFS financing;

**(E)** Assess the policy priorities of the relevant government entity that are consistent with the provision of PSH targeted to the reentry population;

**(2) Budgetary/Financial Activities**

**(A)** Identify and estimate potential local, state, and federal funding sources that will be impacted by the project, including costs and savings to each affected level of government and program. These funding sources should be used to estimate potential net savings, as well as opportunities to achieve outcomes more cost-effectively at each level of government through the implementation of a PSH Intervention targeting the reentry population (estimates of total cost savings must account for the net effect of any cost shifting among levels of government);

**(B)** Inform decision-making, develop a framework and conduct analyses for estimating public sector savings, cost-effectiveness, and benefits and Success Payments for the PSH Intervention;

**(C)** Identify options for a financing strategy to sustain and scale-up the PSH Intervention should the intervention be deemed feasible for implementation through PFS in the Demonstration Site;

**(D)** Develop a budget estimating the costs needed for the Transaction Structuring phase and ramp-up costs (if any);

**(3) Legal/Regulatory Activities**

**(A)** Identify statutory, regulatory and programmatic barriers to and enablers of a PFS PSH Intervention;

**(B)** Review agreements and contracts for legal requirements and protections;

**(C)** Assess and address appropriation risks (i.e., the risk that the government entity may not be able to make future Success Payments);

**(4) Procurement Activities**

**(A)** Support government efforts to design and implement a process for collecting relevant information from the public or key audiences to inform PFS activities, regarding priorities, service delivery, Transaction Structuring, evaluation, or other relevant issues, priorities, concepts and strategies;

**(B)** Support government efforts to design and publicize requests for proposals, notices of funding availability, or other relevant funding announcements/proposal solicitations for release by government entities or other payors to solicit the services of coordinators, service providers, or evaluators;

**(C)** Support government efforts to assess solicited proposals, including respondents' organizational capacity, past performance, operating model, strength of outcomes, efficiency, quality of management team, and suitability for PFS financing;

**(5)** Applicants may propose additional or alternative strategies under any of the above task areas which further the purposes of the PFS Demonstration.

**(c) Expected Deliverables.** Grantees' Feasibility Analysis activities must include deliverables. As described in Section V. of this NOFA, application proposals should itemize specific outputs and grant deliverables, such as written reports detailing the findings of the Feasibility Analysis. If the grantee concludes that a PFS Transaction is inappropriate for the Demonstration Site, the deliverable should include a report outlining alternative approaches the government entity may pursue in order to achieve the social outcomes sought by PSH. HUD will work with grantees to finalize the expected deliverables in the cooperative agreement.

**ii. Transaction Structuring**

**(a) Objective.** The objective of this eligible activity is to assist governments and nonprofit entities that have identified feasible projects to structure and close a PFS Contract for the implementation of a PSH Intervention for the reentry population at a particular Demonstration Site. This eligible activity is intended to culminate in a finalized, fully structured, high-quality PFS Contract or in an analysis of alternative financing structures if stakeholders could not close the PFS Contract.

**(b) Activities.** Appropriate Transaction Structuring activities may include, but are not limited to the following,

as applicable or allowed by federal, state and local laws and regulations (also see the description of the Transaction Structuring phase in Section I.A.1.b.iii.(b). of this NOFA for examples of acceptable activity types). Transaction Structuring activities do not include funding for the provision of housing or supportive services.

**(1)** Provide overall transaction coordination and support

**(A)** Design PFS transaction work plan, timeline and task list;

**(B)** Coordinate planning and meetings of relevant transaction participants;

**(C)** Manage all transaction elements to meet the shared timeline of stakeholders;

**(D)** Identify an outreach plan to identify eligible PSH Intervention participants that includes coordination between correctional facilities, homeless assistance providers, crisis care services, applicable government agencies, and other key players involved in implementing the PSH Intervention. Outreach plans should consider how persons with disabilities and limited English proficiency can be reached;

**(E)** Develop a plan to identify, select, train, and provide technical assistance for homeless assistance providers;

**(F)** Assess strength, expertise and capacity of selected homeless assistance providers, including quantitative and qualitative assessment of respondents' track record, operating model, strength of outcomes, and compatibility with the transaction;

**(G)** Address homeless assistance provider performance concerns or capacity gaps;

**(H)** Engage and educate homeless assistance provider staff to ensure that expectations of their role in the PSH Intervention are clear and feasible;

**(I)** Coordinate selection of qualified third-party evaluator(s);

**(J)** Develop outcome measures and specify evaluation methodologies and data sources that can be accessed to valuate identified outcome measures;

**(K)** Ensure that the evaluation design and service delivery plans are fully compatible (i.e., If the evaluation design were to require the random assignment of participants, does the service delivery plan accommodate this requirement?);

**(L)** Ensure that all data necessary to identify the target population and measure outcomes will be made available by the government entity or other data source, and shared among relevant stakeholders, including the intermediary, outcome evaluator, DOJ, and HUD, timely and in accordance with all applicable confidentiality requirements;

**(M)** Coordinate or lead design of key PSH Intervention components, including detailed service provision, duration of services, outcome monitoring, and evaluation design;

**(N)** Assess the risk of and develop contingency plans for lack of stakeholder capacity or support, (i.e., stakeholders not providing adequate feasibility checks or information and/or not agreeing to key PSH Intervention requirements identified in this NOFA);

**(2)** Raise capital and develop capital structure

**(A)** Identify sources of funding for Success Payments (including sources beyond federal funds);

**(B)** Conduct financial modeling of the transaction, including analysis of possible payment terms and transaction structures;

**(C)** Develop investment and entity structure, especially regarding Success Payments, that mitigates relevant risks and establishes appropriate incentives;

**(D)** Develop relevant documentation, such as a term sheet, that includes outcomes pricing, capital structure, Success Payment triggers, and payment schedules;

**(E)** Ensure that, in the case that PFS Demonstration grant funds cover the cost of any ramp-up activities, those costs are taken into account in the structuring of Success Payments and the measurement of net savings generated by the PSH Intervention;

**(F)** Market the transaction to investors in order to raise capital commitments necessary to fund the PSH Intervention;

**(3)** Mediate and facilitate agreement between each of the parties to the transaction

**(A)** Coordinate the negotiation of all parties around economic and contract terms;

**(B)** Develop and finalize all contracts and supplementary documentation, including offering or loan documents as relevant, working with legal counsel as appropriate;

**(4)** Close the PFS Contract and prepare for the Contract Implementation phase. Preparation for Contract Implementation may include ramp-up activities needed to assist homeless assistance providers to scale up their operations for the PSH Intervention. Examples may include activities that build the infrastructure of the PSH Intervention prior to the delivery of housing and services such as: recruiting, hiring, and training additional homeless assistance provider staff; training current staff to ensure they have the capacity to deliver the intended intervention; refining the referral process; finalizing and implementing evaluation methodologies; equipment; facility set-up; setting up information technology (IT) for the systematic collection of program participant data; and programming Homeless Management Information System (HMIS) specifications. These activities are also relevant for PFS Contracts which are "shovel-ready" at the time of application and require funding for costs related to closing the transaction.

**(5)** Ensure that the PFS Contract accounts for any potential changes in risk associated with the separate funding of ramp-up activities and allows for potential appropriate contract modifications based on lessons learned during the ramp-up phase, including potential modification of outcome targets, time horizons, programmatic changes, and the amount and structure of Success Payments.

**(6)** Support early Contract Implementation activities up to the delivery of housing and services to ensure the PFS Contract is moving towards successful implementation;

**(7)** Applicants may propose additional or alternative strategies under any of the above task areas which further the purposes of the PFS Demonstration.

**(c) Expected Deliverables.** Grantees' Transaction Structuring activities must include deliverables. As described in Section V. of this NOFA, application proposals should itemize specific outputs and grant deliverables, such as a fully structured PFS Contract that has been closed successfully. DOJ and HUD expect that a fully structured PFS Contract will provide a level of specificity that evidences how the requirements of this NOFA are met, such as: the definition of the target population, the strategy for identifying and engaging PSH Intervention participants, a description of the PSH model that will be implemented, the number of participants expected to be served, outcome measures, Success Payment schedule, the expected cost offsets, data-sharing agreements, program outcome monitoring methodology, etc.

The grantee must submit to DOJ and HUD the outcome evaluation methodology for review and approval before the PFS Contract is finalized to ensure that the third-party evaluation will meet an acceptable level of rigor and will assess the PSH Intervention's consistency with HUD's programmatic guidelines for PSH. The outcome evaluation methodology must include the approach to identifying a comparison group. This comparison group is meant to be a reference group for assessing outcomes against a group of demographically similar non-participating reentrants. Examples of approaches that have been used to construct control/comparison groups include random assignment of eligible reentrants to PSH and control groups or statistically constructed comparison groups using matching techniques on propensity scores or other quantitative measures.

If a PFS Contract does not ensue, the grantee should provide a written analysis of alternate social finance strategies to achieve desired social outcomes. HUD will work with grantees to finalize the expected deliverables in the cooperative agreement.

**iii. Outcome Evaluation**

**(a) Objective.** The objective of this eligible activity is to provide government entities with the resources and expertise needed to effectively assess whether outcome goals have been met and whether achievement of these outcomes are reasonably attributable to the implementation of PSH and enhanced service delivery.

**(b) Activities.** As part of the PFS Contract Implementation phase of the PFS process, grantees will provide, directly or through a subrecipient or contractor, the services of a third-party evaluator who will carry out the

following activities, as applicable or allowed by federal, state and local laws and regulations (also see the description of the PFS Contract Implementation phase in Section I.A.1.b.iii.(c). of this NOFA for examples of acceptable activity types). Outcome Evaluation activities do not include funding for the provision of housing or supportive services.

**(1)** Inform and agree to the outcome evaluation design and validation methodology;

**(2)** Conduct an independent validation of the outcome evaluation methodology, including to ensure that needed data can be accessed appropriately and timely;

**(3)** Monitor the outcome measure(s) agreed upon in the PFS Contract;

**(4)** Assess whether the operationalization of the PSH Intervention is consistent with HUD's programmatic guidelines for PSH;

**(5)** Determine whether the outcome goals have been met; and

**(6)** Provide the documentation to trigger the release of Success Payments.

**(c) Expected Deliverables.** Outcome Evaluation activities must include deliverables. As described in Section V. of this NOFA, application proposals should itemize specific outputs and grant deliverables, such as: an evaluation plan that details the outcome measures and the methods employed to develop those measures; outcome evaluation design; and the process for having an independent validation of the outcome evaluation methodology that will be employed; written assessments of progress towards meeting outcomes; analyses of data; final evaluation report of results; and supporting documentation including data sets, administrative data sources, cost information, and other applicable records. DOJ and HUD must review and approve the outcome evaluation design as well as the plans for an independent validation of the outcome evaluation methodology before the PFS Contract is finalized. HUD will work with grantees to finalize the expected deliverables in the cooperative agreement.

**iv. Success Payments**

**(a) Objective.** The objective of this eligible activity is to provide government entities with assistance in funding Success Payments, which will compensate investor(s) for the financial investment in PSH Intervention costs, once outcome goals have been met. While this NOFA allows grantees to apply for and use PFS Demonstration funds for Success Payments, the grant funds available for this activity are unlikely to cover the full cost of Success Payments.

**(b) Activities.** As part of the PFS Contract Implementation phase of the PFS process, grantees will authorize payments to the investor(s) (e.g., financial institution, foundation) once the third-party evaluator verifies that an outcome goal, as established and agreed upon in the PFS Contract, has been met through the agreed-upon validation methodology approved by DOJ and HUD. Success Payment activities do not include funding for the provision of housing or supportive services.

**(c) Expected Deliverables.** Grantees' Success Payments activities must include deliverables. As described in Section V. of this NOFA, application proposals should itemize specific outputs and grant deliverables, such as any supporting documentation substantiating that Success Payments have or have not been made consistent with the process, payment schedule, calculations, validation methodology, etc., agreed upon by all stakeholders in the PFS Contract. HUD will work with grantees to finalize the expected deliverables in the cooperative agreement.

**d. Program Requirements**

**i. Performance Measurement and Reporting.** Grantees will be required to develop performance measures to assess their progress in achieving the objectives for each eligible activity as described in Section I.A.1.c. of this NOFA and meeting the terms of the grantee's cooperative agreement with HUD. These measures will be approved by HUD and included in the cooperative agreement. Throughout the course of the period of performance, grantees will be required to report to HUD annually on all performance measures and fiscal expenditures in a form prescribed by HUD. Once homeless assistance providers begin to serve program participants through the PSH Intervention during the PFS Contract Implementation phase of the PFS project, grantees will also be required to report on participant demographic and other relevant data collected in HMIS, such as racial and ethnic data, by submitting to HUD an HMIS-generated report similar to the Continuum of Care (CoC) Program Annual Performance Report (APR).[6]

HUD will make grantees' annual performance reports available to the public on the HUD Exchange website. Grantees are also expected to participate in regular, at least quarterly, check-in meetings or conference calls with HUD staff as HUD seeks to learn from grantees' experiences and provide administrative support as necessary. See Section VI.C. of this NOFA for more information about reporting requirements.

**ii. Administrative Cap.** Grantees may use up to 10 percent of the total grant award on administrative costs related to the general management and oversight of PFS Demonstration activities. Administrative costs do not include staff and overhead costs directly related to carrying out eligible PFS Demonstration activities, which are eligible as part of those activities.

**iii. Participation in Demonstration Evaluation.** HUD will contract with an evaluator to conduct an evaluation of the PFS Demonstration including all Demonstration Sites to measure its effectiveness and to identify lessons learned and best practices. Grantees will be required to provide data and participate in the evaluation as described in the final evaluation design, which will be developed in consultation with other federal agencies that are examining PFS approaches.

**iv. Participation in HMIS.** Homeless assistance providers carrying out the PFS Intervention are required to enter data on all persons served and activities assisted through the PSH Intervention into the applicable CoC's HMIS in the area in which those persons and activities are located. Homeless assistance providers must comply with the CoC's HMIS requirements.

**e. Intervention Design and Target Population**

The intended result of the PFS Demonstration is the implementation of a PSH Intervention for the target population that effects positive outcomes, including: housing stability, reduced recidivism, cost savings or cost-effectiveness, and knowledge about the feasibility of PFS strategies to deliver PSH. Interventions should be tailored to local contexts to address specific local needs; therefore, some degree of variation is appropriate. However, all interventions must include the following core programmatic elements, though the specific approaches used to implement them may vary.

**i. Eligible Participants.** The target population for the PFS Demonstration is a subset of the reentry population that consists of people experiencing homelessness who are high users of corrections facilities, homeless services, health care and other crisis services. A target population cannot be based on race, color, religion, national origin, sex, age, disability, or familial status.

Applications that do not specifically identify the target population described in this section will not be considered for funding. Eligible program participants must have a history of: 1) the most costly service needs **and** 2) a pattern of homelessness **and** involvement in the criminal justice system. Sections I.A.1.e.i.(a). and I.A.1.e.(b). of this NOFA outline the eligibility criteria for the PSH Intervention.

Grantees receiving funding under this NOFA for Feasibility Analysis and/or Transaction Structuring must encourage the ultimate selection of participants for PSH using a data-driven approach, as determined in the Feasibility Analysis, which prioritizes the costliest users based on the Severity of Service Needs outlined below. Grantees receiving funding under this NOFA for Outcome Evaluation and/or Success Payments must select participants for PSH using a data-driven approach, as determined in the Feasibility Analysis, which prioritizes the costliest users based on the Severity of Service Needs outlined below. Reaching this high-cost target population is crucial in achieving substantial cost savings to frequently utilized crisis public services. Essential methods for reaching the intended target population include the following:

**(a) Severity of Service Needs.** In order to qualify for homeless assistance, program participants must demonstrate having the most costly service needs.

**(1)** For the purposes of this NOFA, a person with the most costly service needs is an individual for whom at least one of the following is true:

**(A)** Has a history of high-cost utilization of crisis services, which include but are not limited to: emergency rooms and psychiatric facilities; <u>or</u>

**(B)** Has significant health or behavioral health challenges or functional impairments which require a high-cost level of support in order to maintain permanent housing.

Severe service needs as defined in bullets (A) and (B) above should be identified and verified through data-driven methods such as an administrative data match. For example, Demonstration Sites can match data from correctional systems, HMIS, Medicaid, and/or hospitals to identify individuals with repeated use

of jails or prisons, homeless services, emergency departments, hospital inpatient services, or other public services.

In undertaking various methods to reach the intended population, entities cannot ask about the nature or severity of one's disability or make eligibility determinations based on an individual's specific diagnosis or disability type.

**(2)** In states where there are alternate criteria used by state Medicaid departments to identify high-need, high-cost beneficiaries, grantees may use similar criteria to determine if a household has severe, high-cost service needs instead of the criteria defined in bullets (A) and (B) above. However, such determination must not be based on a specific diagnosis or disability type.

**(b) Pattern of Homelessness and Stays in Correctional Facilities.** In order to qualify for homeless assistance, program participants must demonstrate: (1) a pattern of homelessness **and** (2) stays in correctional facilities:

**(1) Pattern of Homelessness.** In order to demonstrate a pattern of homelessness, program participants:

**(A)** Must meet the definition of "chronically homeless" at 24 CFR 578.3; or

**(B)** Must have been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter for 12 months cumulatively over the last three years; or

**(C)** Must have been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter for at least one night during the year at any point in each of the last three years.

**(2) Pattern of Stays in Correctional Facilities.** In order to demonstrate a pattern of stays in correctional facilities, program participants must have had multiple* jail or prison stays** within a three-year look-back period, the most recent of which must have occurred within the last 12 months.

*The grantee and stakeholders involved in negotiating the PFS Contract may define what constitutes "multiple" jail or prison stays so long as that definition is informed by the local department of corrections and based on local data, such as the average number of returns to jail within the Demonstration Site's geographic area.

**This NOFA does not establish a time limit for the duration of each jail or prison stay for purposes of this eligibility criterion. Although an individual exiting an institution where he or she resided for longer than 90 days is not homeless according to paragraph (1)(iii) of the definition of "homeless" at 24 CFR 578.3, jail or prison stays of this duration, in themselves, do not disqualify an individual for assistance for purposes of this PSH Intervention.

**(c) Assessing Participants' Risk of Returning to Homelessness and Jail or Prison.** PSH Intervention stakeholders must develop a systematic way of assessing and prioritizing potential program participants to determine those at highest risk of returning to homelessness and jail or prison. Standardizing the assessment of risk through data matching is critical to distinguish between persistent patterns of corrections and homeless services use and those homeless and jail/prison episodes that are less likely to recur. The intermediary must ensure that data matching is used as a part of the assessment process to establish that participants' patterns of homelessness and jail/prison stays are both frequent and recent.

Consider the following two scenarios that demonstrate the difference between non-persistent and persistent patterns of corrections and homeless services use. (These examples are provided for illustrative purposes and are not intended to capture all circumstances that constitute non-persistent and persistent patterns.)

**(1) Example of a Non-Persistent Pattern.** Client A presented for assistance on January 1, 2015 because he is currently living with a friend who is moving away in a few weeks. The caseworker documents that Client A spent a few days in an emergency shelter from December 30, 2012 to January 2, 2013 and one additional overnight shelter stay in February 2014, which meets the criteria in Section I.A.1.e.i.(b).(1). above. The caseworker also verifies that Client A had one jail stay in June 2012 and a second jail stay in May 2014, which meets the criterion of multiple prison stays within the three-year look-back period (local stakeholders defined "multiple" to mean two jail or prison says in the context of Section I.A.1.e.i.(b).(2). of this NOFA). Although Client A meets the criteria in Section I.A.1.e.i.(b). above, this pattern of corrections and homeless services use is not persistent: Client A has not been homeless for

almost one year, and his last jail stay was about eight months ago.

**(2) Example of a Persistent Pattern.** Client B's involvement in the criminal justice system began five years ago in 2010. After two years in prison, he was released in March 2012 and spent a few weeks in emergency shelter before being rearrested for violating his parole by failing a drug test. Client B spent another eight months in prison, during which time he was diagnosed with schizophrenia, before his second release in July 2013. He lived in a group home for two months before leaving, living on the street for about a week and violating his parole a second time by absconding from parole supervision, resulting in another six-month prison stay. Once released in February 2014, Client B spent the next month staying in hotels, emergency shelter, and living on the street. He was arrested soon after for drug possession, leading to another nine-month prison stay. He was discharged from jail in early December 2014 and moved into in a halfway house. After about a week, Client B left the halfway house, living on the street for several weeks before being contacted by a street outreach worker on January 10, 2015. Client B has a persistent pattern of homelessness and incarceration with frequent episodes of homelessness and incarceration, meeting the criteria in Section I.A.1.e.i.(b). above.

Although not required prior to program entry or service delivery, criminogenic risk needs assessment tools may be helpful to service providers in identifying the type and duration of services most likely to reduce recidivism.

**ii. Evidenced-Based Permanent Housing Intervention.** The intervention(s) that applicants for Feasibility Analysis must study and that applicants for other PFS Demonstration activities must ultimately implement through the PFS Contract must be evidence-based PSH Intervention(s) that address the needs of the target population – permanent affordable housing paired with voluntary supportive services that help individuals remain in housing, live with maximum independence, connect to needed clinical and mainstream services, and facilitate the attainment of their goals and aspirations. The PSH Intervention will have multiple subcomponents:

**(a) Scale of the Intervention.** Each Demonstration Site implementing a PFS-finance PSH Intervention will deliver the intervention to a minimum of 100 households. For the purposes of this NOFA, a "household" means all persons occupying a housing unit, including the program participant. The occupants may be a family, as defined in 24 CFR 5.403, two or more families living together, or any other group of related or unrelated persons who share living arrangements, regardless of marital status, actual or perceived sexual orientation, or gender identity. A program participant living alone in a housing unit is also considered a household. One of the PFS Demonstration objectives is to create an opportunity for communities to increase the availability of PSH for the target population, ultimately through a high-quality PFS-finance project. Increasing the availability of PSH will require different strategies, depending on a variety of factors specific to each Demonstration Site. For example: when analyzing the feasibility of a PFS project, intermediaries may find that the new construction or rehabilitation of housing units may be necessary to meet the needs of 100 households in communities with very limited housing stock. In other communities with higher vacancy rates, PFS stakeholders may decide that PFS-financing is only needed to cover rental assistance and supportive services costs.

**(b) Assertive Outreach, Recruitment, and Engagement of the Targeted Population**

**(1) "In-Reach" into Correctional Settings.** Participant engagement is not always possible during pre-release planning activities or as part of the community transition process immediately following release from jail or prison. However, grantees are encouraged to consider how to systematically engage potential participants, including the time prior to discharge from a correctional facility ("in-reach"). The Sequential Intercept Model [7] may assist grantees and stakeholders in developing a comprehensive "in-reach" plan.

**(2) Outreach into Non-Correctional Settings.** In addition to coordinating with correctional facilities to recruit program participants prior to their release from jail or prison, homeless assistance providers will also conduct assertive outreach into homeless service settings (e.g., shelters, streets, safe havens, etc.), and other service settings (e.g., hospitals, clinics, detox programs, treatment programs, etc.) to recruit members of the target population. Programs will engage target population members and offer them the opportunity to obtain affordable housing along with health and social services. Recognizing that individuals may initially refuse participation and assistance, programs will be persistent in offering participation, including engaging individuals multiple times and in multiple settings to overcome their reluctance.

**(c) Quality Permanent and Affordable Housing.** The PSH Intervention must provide affordable rental housing with no fixed time limits on residency. Tenants in PSH must have leases and rights and responsibilities of tenancy. Rent must be adequately subsidized such that extremely low-income, as defined by HUD, tenants can pay no more than 30 percent of their gross monthly income for rent. To qualify as permanent housing, the program participant must be the tenant on a lease for a term of at least one year, which is renewable for terms that are a minimum of one month long and is terminable only for cause. The design, construction, appearance, physical integrity, and maintenance of the housing units must provide an environment that is attractive, safe, sustainable, functional, appropriate for the surrounding community, and conducive to tenants' stability and community integration. Housing must comply with all applicable federal accessibility requirements under the Fair Housing Act, Section 504 of the Rehabilitation Act, and the Americans with Disabilities Act, as applicable. Homeless assistance providers must ensure that all units meet habitability or other stricter housing standards customarily used in the locality, such as Housing Quality Standards (HQS) or Uniform Physical Condition Standards (UPCS).

In structuring PSH models, the programs or activities must be administered in the most integrated setting appropriate to the needs of qualified individuals with disabilities. Please refer to HUD's Statement on the Role of Housing in Accomplishing the Goals of *Olmstead* for more information, http://portal.hud.gov/hudportal/documents/huddoc?id=OlmsteadGuidnc060413.pdf.

**(d) Accessibility of Transportation and Employment Opportunities.** The location of housing provided through the PSH Intervention should provide program participants with access to transportation and employment opportunities.

**(e) Housing First Approach.** PSH models that use a Housing First approach have been proven to be highly effective for ending homelessness, particularly for people experiencing chronic homelessness who have higher service needs. Studies have shown that Housing First permanent supportive housing models result in long-term housing stability, improved physical and behavioral health outcomes, and reduced use of crisis services such as emergency departments, hospitals, and jails.

PSH will be offered to members of the target population without requiring participation in treatment or services, including case management. Housing admissions and tenant selection practices promote the acceptance of applicants regardless of their sobriety or use of substances, completion of treatment, and participation in services. Members of the target population will not be screened out of housing on the basis of poor credit or financial history, poor or lack of rental history, minor criminal convictions, or behaviors that indicate a lack of "housing readiness." The core features of Housing First[8] in the context of PSH models are as follows:

**(1)** Few to no programmatic prerequisites to permanent housing entry;

**(2)** Low barrier admission policies;

**(3)** Rapid and streamlined entry into housing;

**(4)** Supportive services are voluntary, but can and should be used to persistently engage tenants to ensure housing stability;

**(5)** Tenants have full rights, responsibilities, and legal protections;

**(6)** Practices and policies to prevent lease violations and evictions; and

**(7)** Applicable in a variety of housing models.

**(f) Housing stability services.** Tenants are assertively engaged and offered services to maximize their tenure in housing; increase their ability to maintain their household and finances, and uphold the terms of their lease; prevent lease violations and intervene and mitigate crisis situations; maximize tenant safety and security; build community among tenants; and prevent avoidable evictions.

**(g) Informed property or landlord management.** In the case of developed apartment buildings operated as supportive or affordable housing, property management effectively maintains a balance between ensuring the effective operation and management of the physical facility and asset (including the maintenance and safety of the building) and fostering tenants' housing stability and independence. Property management policies and procedures will reflect this dual orientation, including emphasizing tenant education around rights and responsibilities, rent payment contingency arrangements, and procedures for ensuring clear communications

with tenants around due process. In the case of scattered-site supportive housing models where apartments are leased on the private rental market and subsidized using a rental assistance voucher, programs actively communicate, engage, advocate on behalf of tenants, and mediate conflicts with landlords.

**(h) Care management and service coordination.** Being that supportive services are an essential component of PSH, homeless assistance providers must make available, not require, monthly case management and other needed supportive services. In implementing a PSH model using a Housing First approach, homeless assistance providers will offer program participants flexible, voluntary supports without regard to their willingness to engage in clinical treatment services. However, the approach also calls for assertive, nonjudgmental efforts to engage people in needed services. Services should be informed by a harm reduction philosophy that recognizes that drug and alcohol use and addiction are a part of program participants' lives, where participants are engaged in nonjudgmental communication regarding drug and alcohol use and offered education regarding how to avoid risky behaviors and engage in safer practices.

In addition to services focused on helping tenants maximize housing stability, services in supportive housing assist tenants to connect to, navigate, and coordinate needed health, behavioral health, and social services. Services engage tenants to identify and define their own service goals and needs, and then assist with obtaining and coordinating health, behavioral health, vocational/educational, transportation, medication management, nutrition education, assistance with activities of daily living, and other services. Services may also include assistance with enrollment in Medicaid and other entitlements, benefits, and health insurance; assistance with navigating public systems; advocating on behalf of tenants with service providers; and coordination of services.

**(i) Coordination with Criminal Justice System (courts, community corrections, etc.).** It is anticipated that members of the target population may continue to have criminal justice involvement even after program engagement and receipt of PSH. Individuals may be under community supervision (probation or parole), have outstanding warrants, or may be re-arrested. Programs will have the capacity to help individuals avoid criminal justice involvement and comply with requirements of courts or community corrections. If individuals are re-arrested, they should not be automatically terminated from the program, but re-engaged and assisted with navigating the criminal justice system and connecting to legal services. Programs can also assist by educating prosecutors, legal defense, and courts about the services provided by the program.

Please note: While the PSH Intervention must implement a Housing First approach, ongoing criminal justice system involvement may result in mandated services, such as ongoing drug testing or drug treatment, as conditions of parole or probation.

Footnotes:

[1] United States Interagency Council on Homelessness, June 2010

[2] The 2014 Annual Homeless Assessment Report (AHAR) to Congress, October 2014

[3] NAEH website. http://www.endhomelessness.org/pages/re_entry

[4] "Homelessness and Prisoner Re-Entry." http://b.3cdn.net/naeh/808ea6bffff1863d56_sem6btoi8.pdf

[5] Oliva, A. "SNAPS In Focus: Why Housing First." https://www.hudexchange.info/news/snaps-in-focus-why-housing-first/

[6] Office of Special Needs Assistance Programs, Department of Housing and Urban Development. CoC Program APR: https://www.hudexchange.info/resources/documents/e-snaps-CoC-APR-Guidebook-for-CoC-Grant-Funded-Programs.pdf

[7] Substance Abuse and Mental Health Services Association (SAMHSA) Center for Mental Health Services (CMHS) National GAINS Center. http://gainscenter.samhsa.gov/pdfs/integrating/GAINS_Sequential_Intercept.pdf

[8] Office of Special Needs Assistance Programs, Department of Housing and Urban Development. https://www.hudexchange.info/resources/documents/Housing-First-Permanent-Supportive-Housing-Brief.pdf

X

**2. Changes from Previous NOFA.**

Not applicable.

**3. Definitions.**
a. Eligibility Requirements – Eligibility requirements are those requirements that must be met for an application to be eligible for funding. Deficiencies in meeting an eligibility requirement may be categorized as either curable or non-curable.
b. Threshold Requirement – Threshold requirements are a category of eligibility requirements. A threshold requirement is a requirement that must be met in order for an application to be reviewed. Threshold requirements are not curable. Threshold requirements are listed in Section III.C.2. of both the 2015 General Section and in this Program NOFA. Applicants must ensure their application package addresses all threshold requirements. Please check your application carefully!
c. Deficiency – Deficiencies are not the same as errors. Errors are never curable except as permitted under Section IV.C.2. Deficiencies are items of missing or omitted information within a submitted application. Deficiencies typically involve missing documents, information on a form, or some other type of unsatisfied information requirement (e.g., an unsigned form, unchecked box, etc.). Depending on specific criteria, deficiencies may be either curable or non-curable.
d. Curable Deficiency – A curable deficiency is a specific type of deficiency that applicants may correct with timely action. To be curable the deficiency must:
– Not be a threshold requirement;
– Not influence how an applicant is ranked or scored versus other applicants; and
– Be remedied within the time frame specified in the notice of deficiency.
e. Non-Curable Deficiency – An applicant cannot correct a non-curable deficiency after the submission deadline. Non-curable deficiencies are deficiencies that if corrected would change an applicant's score or rank versus other applicants. Non-curable deficiencies may result in an application being marked ineligible, or otherwise adversely affect an application's score and final determination.

### B. Authority.

**Consolidated Appropriations Act, 2014 (Pub.L. 113-76); Consolidated and Further Continuing Appropriations Act, 2015 ( Pub. L. 113-235)**

## II. Award Information.

### A. Available Funds.

HUD is making available through this NOFA **$8,679,000** for Pay for Success Permanent Supportive Housing Demonstration.

Additional funds may become available for award under this NOFA as a result of HUD's efforts to recapture unused funds, use carryover funds, or because of the availability of additional appropriated funds. Use of these funds will be subject to statutory constraints. All awards are subject to the applicable funding restrictions described in the General Section and to those contained in this NOFA.

This NOFA makes available up to $8,679,000 in funding for PFS Demonstration grant awards implementing a Housing First PSH model. HUD is not obligated to award any specific number of grants or to allocate the full amount of available funding. Applicants may only apply for one Demonstration Site per application and may submit multiple applications. Only one applicant may receive an award per Demonstration Site. In the interest of building PFS capacity among a greater number of intermediaries across the country, DOJ and HUD reserve the right to limit the number of awards any one applicant receives, if necessary. The maximum individual grant amount is $1,300,000. Applicants may apply for one or more of the following eligible activities up to the maximum individual grant amount of $1,300,000. The recommended threshold amounts for each eligible activity are:

Phase 1: Feasibility Analysis: Up to $250,000

Phase 2: Transaction Structuring: Up to $600,000

Phase 3: PFS Contract Implementation

- Outcome Evaluation: Up to $250,000
- Success Payments: Any amount up to the $1,300,000 maximum individual award amount.

There are a number of eligible activity combinations for which an applicant may apply. The intent is to provide

applicants with the greatest flexibility to design their PFS project and target resources where they are most needed to support successful PFS efforts. DOJ and HUD recognize that this level of funding may not cover all costs associated with each activity type. Applicants are strongly encouraged to leverage additional resources to develop a comprehensive proposal and to ensure that these funds are targeted to activities for which other sources of funding are unavailable. DOJ and HUD will evaluate applications based on the quality of program design for all phases of the applicant's proposed PFS project, whether or not the applicant requests funding for a particular eligible activity type. The examples below illustrate the targeting of grant funds for costs that cannot be leveraged from alternate funding sources:

**1. Application for Feasibility Analysis and Transaction Structuring.** Applicant X has a potential partnership with a local government entity to conduct a PFS-finance PSH project. A Feasibility Analysis has not yet been completed for the Demonstration Site, and the applicant has not secured funding for Transaction Structuring activities at the time of application submission. Local funding is available to cover the costs of an Outcome Evaluation. Applicant X applies for the full recommended amounts for Phase 1 - Feasibility Analysis ($250,000) and Phase 2 - Transaction Structuring ($600,000), and requests $450,000 for Success Payments, which brings the total grant award amount to $1,300,000. Upon completion of the Feasibility Analysis, the grantee will be required to submit a deliverable outlining the findings of the analysis. If the proposed PFS project is deemed feasible, grantees will gain access to grant funds budgeted for Transaction Structuring activities. Following PFS Contract Implementation, the grantee must submit to HUD documentation from a third-party evaluator validating that a successful outcome has been achieved. If a successful outcome has been achieved, the grantee will receive funding for Success Payments according to the payment schedule agreed upon in the PFS Contract.

**2. Application for Transaction Structuring and Outcome Evaluation.** Applicant Y has an existing partnership agreement with a local government to conduct a PFS-finance PSH project that is currently underway. Applicant Y completed a Feasibility Analysis for the Demonstration Site, which concluded that the proposed PFS project is feasible. Local funding is available to cover about half the total cost of an Outcome Evaluation, which the applicant estimates to be $500,000. Based on the findings of the Feasibility Analysis, however, the local government entity can be expected to fully cover the costs of Success Payments. Applicant Y applies for Phase 2 - Transaction Structuring ($400,000) and Outcome Evaluation ($250,000) for a total grant award amount of $650,000. If the PFS Contract closes successfully, the grantee must submit a deliverable substantiating the results of the Transaction Structuring phase before the grantee may receive funding for the Outcome Evaluation.

### B. Number of Awards.

HUD expects to make approximately 6 awards from the funds available under this NOFA.

### C. Minimum/Maximum Award Information.

The maximum individual grant amount is $1,300,000.

| | |
|---|---|
| Estimated Total Funding: | $8,679,000 |
| Minimum Award Amount: | $0 Per Project Period |
| Maximum Award Amount: | $1,300,000 Per Project Period |

### D. Period of Performance.

The duration of the period of performance will vary depending on the eligible activities for which the grantee is awarded. HUD expects that Feasibility Analyses will require up to 15 months to complete, Transaction Structuring will require up to 18 months, and PFS Contract Implementation will require at least several years before outcome verification may trigger Success Payments. As described in Section V. of this NOFA, applicants must include a projected timeline in their application to account for the eligible activities for which the grantee is applying. HUD will continue to work with grantees to finalize an appropriate timeline that will be included in the cooperative agreement.

As described in the examples above, HUD will stagger the release of funds in conjunction with the status of the PFS process and HUD's review of all deliverables. For example, if a grantee is awarded funds for all four eligible activities, Phase 1 - Feasibility Analysis would need to be completed with the PFS project deemed feasible before HUD makes funding for Phase 2 - Transaction Structuring available to the grantee. Additionally, Phase 2 -Transaction Structuring would need to be completed with a PFS Contract in place and PFS Contract Implementation underway before HUD releases funding for Outcome Evaluation to the grantee. HUD will only release funding for Success Payments after (1) DOJ and HUD have reviewed and approved the outcome validation methodology, which must be

submitted to DOJ and HUD before the PFS Contract is finalized; and (2) the third-party evaluator verifies that an outcome goal, as established and agreed upon in the PFS Contract, has been met.

Note: Funding can be *awarded* through a grant before these events occur. This language above refers to the *release* of awarded funding to the grantee.

Estimated Project Start Date: 02/15/2016

Estimated Project End Date: 02/14/2020

Other

The duration of the period of performance will vary depending on the eligible activities for which the grantee is awarded as explained above.

### E. Type of Funding Instrument.

Funding Instrument Type: Cooperative Agreement

PFS Demonstration funds will be awarded by cooperative agreement. PFS Demonstration activities are administered by Office of Special Needs Assistance Programs (SNAPS) staff at HUD Headquarters. Significant HUD involvement is required in all aspects of PFS Demonstration planning, delivery, and follow-up. HUD reserves the right to reduce an award of funds to any grantee if HUD determines that: (1) the grantee's performance is duly found to be substandard or unacceptable; (2) the need for a particular type of assistance is found not to be commensurate with the award; or (3) the need for assistance proves greater in areas not served by the grantee. HUD will make this determination on a case-by-case basis and will provide a 30-day notice and a reasonable opportunity to respond.

### F. Supplementation.

HUD expects that there may be certain situations that warrant the deobligation of awarded (reserved) funds, such as PFS projects that are deemed infeasible and cannot progress to the next PFS phase; PFS Contracts that do not ensue; outcome targets that are not met, etc. In those cases, HUD intends to reallocate funds using one or more of the following methods:

**1.** Increasing existing award amounts;

**2.** Awarding funds to an applicant according to the ranked order of reviewed applications; and/or

**3.** Considering additional applications which will be accepted on a rolling basis.

## III. Eligibility Information.

### A. Eligible Applicants.

Eligible applicants under the NOFA include:

Public and State controlled institutions of higher education
Nonprofits having a 501(c)(3) status with the IRS, other than institutions of higher education
Nonprofits without 501(c)(3) status with the IRS, other than institutions of higher education
Private institutions of higher education

**1. Eligible Applicants.** Applicants are applying to fulfill the role of intermediary as described in Section I.A.1.b.iv.(a). of this NOFA. See Section IV.B.1. of this NOFA for information regarding documentation substantiating eligibility. In accordance with the faith-based initiative, HUD welcomes eligible faith-based and other community organizations that meet the criteria of an eligible applicant as defined in this NOFA. Applicants should be aware that HUD does not provide any funding to nor does it accept applications from individuals through its competitive NOFA process.

**2. Experience.** A successful applicant should demonstrate its, or its mentor's, knowledge of and experience in carrying out a PFS model as well as the capacity to implement a PSH Intervention by working with partners and identifying the resources necessary to manage and operate the demonstration. Competitive applicants will meet some or all the following criteria:

**a.** High-performing with a consistently successful record of past performance;

**b.** Experience in completing a PFS Feasibility Analysis; structuring a PFS Contract that successfully closed; or

other relevant experience with social finance or social innovation;

**c.** Experience in facilitating partnerships between public and private entities;

**d.** Advanced knowledge of and experience with the PSH model using a Housing First approach;

**e.** Knowledge of the research base for PSH;

**f.** Expertise and experience in the operationalization of research methods.

**3. Eligible Subrecipients.** Eligible subrecipients are government entities or public or private nonprofit organizations, including educational institutions and area-wide planning organizations or tribally-designated nonprofits. For-profit entities are also eligible subrecipients for the purposes of Success Payments and Outcome Evaluation activities.

**4. Eligible Contractors.** Grantees may sub-contract with for-profit entities and public or private nonprofit organizations, including educational institutions and area-wide planning organizations or tribally-designated nonprofits, to carry out specific activities under the PFS Demonstration grant.

**5. Maintenance of Effort.** The PFS Intervention is required to expand on existing PSH programs or make available new PSH; the PSH Intervention must not replace existing PSH programs or government-funded programs, such as HUD-funded CoC Program PSH. If used in combination with a government-funded program, PFS financing must cover at least 50 percent of services and/or housing costs.

**6. Conflicts of Interest.** Awards will not be made to applicants if HUD determines that a conflict of interest exists or that existing relationships among parties give the appearance of impropriety. If a potential conflict of interest arises during the period of the award, perhaps based on a separate project being concurrently undertaken by the grantee, HUD may determine at that time that a conflict of interest exists, at which time the grantee will be unable to undertake that separate project. Greater specificity on the requirements related to conflicts of interest that grantees are required to follow are detailed in Section III.C.4. of the 2015 NOFA General Section.

**7. Existing Partnership Agreement.** At the time of application submission, applicants must demonstrate through a letter of interest the presence of existing or potential partnerships with a government entity. Agreements could also include other payors, service provider(s), and investor(s). The letter of interest must be included in the application as described in Section IV.B.1. of this NOFA.

**8. Public Use of Data and Documentation.** Applicants must be willing to make data and documentation publicly available for the purposes of transparency and knowledge sharing. To facilitate knowledge sharing and promote other communities' ability to learn from PFS Demonstration grantees' experiences, HUD intends to post publicly on its website grantees' feasibility analysis reports, lessons learned, best practices, documents created for transactions such as contracts, and other tools created throughout the PFS process, while adhering to the confidentiality needs of program participants as well as local, state, and federal laws.

**9. Participation in a HUD-Sponsored Program Evaluation.** As a condition of the receipt of financial assistance under the NOFA, all successful applicants will be required to cooperate with all HUD staff, contractors, or designated grantees performing research or evaluation studies funded by HUD.

HUD does not award grants to individuals. HUD will also not evaluate applications from ineligible applicants. All applicants must have an active Data Universal Numbering System (DUNS) number (http://fedgov.dnb.com/webform) and have an active registration in the System for Award Management (SAM) (www.sam.gov) before submitting an application. Getting a DUNS number and completing SAM registration can take up to four weeks; therefore applicants should start this process or check their status early.
See also Section IV.B below for necessary content and form of the application.

## B. Cost Sharing or Matching.

This Program does not require an applicant to leverage resources through cost sharing or matching.

Generally, federal sources are not allowed to be used as cost share or match unless otherwise permitted by a program's authorizing statute.

## C. Other.

All applicants must also refer to Section III of the General Section for information on HUD-wide eligibility requirements. These requirements may determine whether your application is reviewed or make your application ineligible for funding.
Program specific eligibility criteria for this competition includes:

**1. Statutory and Regulatory Requirements.**

**2. Threshold Requirements.**
Only applications that meet all threshold requirements established in the General Section and Program NOFA will be evaluated. In addition to the threshold criteria outlined in the General Section, including the Resolution of Outstanding Civil Rights Matters (prior to application deadline), the following threshold requirements must be met:

Applicants who fail to meet any of the following threshold eligibility requirements will be deemed ineligible. Applications from ineligible applicants will not be evaluated.

**a. Timely Submission of Applications.** Applications submitted after the deadline (DATE) and that do not meet the requirements of the grace period policy will be marked late. Late applications are deemed ineligible and will not be considered for funding. See Section III.C.2.a. of the 2015 NOFA General Section.

**b. Civil Rights Threshold.** Each applicant, subrecipient, and partners must meet the civil rights threshold requirement set forth at Section III.C.2.b. of the 2015 NOFA General Section.

**c. Eligible Entity.** Applicant must meet the definition of "Eligible Entity" in Section III.A.1. of this NOFA;

**d. Nonprofit Documentation.** The applicant must include in its application submission a certification documenting its status as a public or private nonprofit entity;

**e. Funding Request.** The applicant must request no more than $1,300,000;

**f. Letter of Interest (Government Entity).** The applicant must include in its application submission a letter of interest from a government entity, which meets the criteria established in the application checklist in Section IV.B.1. of this NOFA;

**g. Letter of Interest (Intermediary Advisor).** If the applicant does not have direct PFS experience, it must include in its application submission a letter of interest from an Intermediary Advisor, demonstrating that an entity with substantial PFS experience agrees to serve as the applicant's mentor for purposes of the PFS Demonstration;

**h. Letter of Support (Continuum of Care).** The applicant must include in its application submission a letter of support from the CoC(s) serving in the Demonstration Site's service area;

**i. Target Population.** In its application, the applicant must describe a target population expected to be served by the PSH Intervention that is consistent with the target population identified in this NOFA;

**j. Scale of the PSH Intervention.** In its application, the applicant must demonstrate, with data-driven methods, that at least 100 households representative of the target population can be expected to be served within the geography of the Demonstration Site;

**k. Executive Summary.** In its application, the applicant must include an executive summary meeting the criteria listed in Section V.A.1.a. of this NOFA;

**l. Knowledge Sharing.** In its application, the applicant must successfully meet the criteria listed in Section V.A.1.b.iii.(a). of this NOFA.

**3. Compliance with Nondiscrimination and Related Requirements.**

The list below highlights requirements contained in the General Section to the Fiscal Year 2015 NOFAs for Discretionary Programs (2015 NOFA General Section) that are especially important for PFS Demonstration applicants to review in detail. This is not an exhaustive list of all HUD requirements. All of the requirements of the 2015 NOFA General Section apply to the PFS Demonstration, except as otherwise specified in this NOFA. An applicant may access the FY15 General Section at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/2015gensec. Note that the 2015 NOFA General Section is critical and must be carefully reviewed to ensure an application can be considered for funding, with the exception of reference to exceptions specifically listed in

this NOFA.

**a. Nondiscrimination and Equal Opportunity Requirements.** See Section III.C.3. of the 2015 NOFA General Section.

**i. Fair Housing and Civil Rights Laws.** See Section III.C.3.a. of the FY 2015 NOFA General Section.

**ii. Affirmatively Furthering Fair Housing (AFFH).** Under Section 808(e)(5) of the Fair Housing Act, HUD has a statutory duty to affirmatively further fair housing in its housing and urban development programs. Successful applicants will affirmatively further fair housing through activities as may be directed by HUD. Applicants must indicate any applicable fair housing expertise in the narratives submitted in the rating factors indicated in Section V. of this NOFA.

For projects that may provide a direct benefit to members of the public through their participation in the project, cooperative agreements may include specific requirements to comply with AFFH, as agreed upon with HUD. For projects which involve community-based research and/or which include enrollment outreach, education, and/or training, examples of activities that affirmatively further fair housing include, where appropriate:

**(a)** Designing and implementing outreach efforts so as to maximize communication and participation with, or dissemination of information to, persons unlikely to have access to the activity, including persons of different ethnic and racial backgrounds, and persons with disabilities;

**(b)** To the extent practicable, affirmatively marketing the existence of the program or activity or disseminating the results of such efforts broadly to persons affected, including protected classes under the Fair Housing Act who are not likely to be aware of the activity;

**(c)** Conducting such activities in a manner that provides meaningful access to persons with limited English proficiency (LEP); and

**(d)** Targeting the benefits of the research, outreach, or educational activities to vulnerable populations, including, but not limited to, families with children, persons with disabilities, and racial and ethnic minorities.

**(e)** Applicants are encouraged to review the Consolidated Plan, Annual Action Plan, Public Housing Authority (PHA) Plan and Analysis of Impediments to Fair Housing Choice (AI) or Assessment of Fair Housing, as applicable, in the jurisdiction in which their activities will take place in order, if applicable, to take into account impediments to fair housing choice in their proposed activities.

**iii. Section 3.** PFS Demonstration grant funds may be used for eligible activities described in Section I.A.1.c. of this NOFA, which do not include direct funding for the construction or rehabilitation of housing or other public construction. However, the requirements of Section 3 of the Housing and Urban Development Act of 1968 (Section 3) do apply to funding under this NOFA when PFS financing is expended for housing construction or rehabilitation and grant funds are awarded for success payments. This does not affect grantees' existing responsibilities to affirmatively further fair housing or provide training, employment, and other economic opportunities pursuant to Section 3 that result from their receipt of other HUD funding.

**iv. Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency" (LEP).** See Section III.C.3.d. of the FY 2015 NOFA General Section.

**v. Effective Communication.** Successful applicants shall take appropriate steps to ensure that all public notices and communications are provided in a manner that is effective for persons with hearing, visual and other communications-related disabilities consistent with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794) (Section 504), HUD's Section 504 regulation at 24 CFR part 8, and Titles II or III of the Americans with Disabilities Act, as applicable See 24 CFR 8.6.

**b. Delinquent Federal Debts.** See Section III.C.4.a. of the FY 2015 NOFA General Section.

**c. Pre-Award Accounting System Survey.** See Section III.C.4.b. of the 2015 NOFA General Section.

**d. Debarment and Suspension.** See Section III.C.4.c. of the FY 2015 NOFA General Section. Additionally, it is the responsibility of the recipient to ensure that all subrecipients are not debarred or suspended.

**e. False statements.** See Section III.C.4.d. of the 2015 NOFA General Section.

**f. Do Not Pay Website Review.** See Section III.C.4.e. of the 2015 NOFA General Section.

**g. Conducting Business in Accordance with Core Values and Ethical Standards/Code of Conduct.** See Section III.C.4.f. of the FY 2015 NOFA General Section.

**h. Prohibition Against Lobbying Activities.** See Section III.C.4.h. of the FY 2015 NOFA General Section.

**i. Equal Access to HUD-assisted Housing.** See Section VI.B.2. of the 2015 NOFA General Section.

**j. Equal Protection for Faith-based and Community Organizations.** See Section VI.B.3. of the 2015 NOFA General Section.

**k. Environmental Requirements.** Individual project sites to be funded by awards under this NOFA may not be known at the time the individual grant agreements are awarded and also may not be known when some of the individual subgrants are made. Selection for funding does not constitute approval of individual project sites. After selection for funding, HUD will perform an environmental review of individual sites in accordance with 24 CFR Part 50, as applicable, when the sites are identified. Therefore, in accordance with 24 CFR 50.3(h), the application shall contain assurances to HUD that the applicant agrees to assist HUD to comply with 24 CFR Part 50, and will: 1) supply HUD with all available, relevant information necessary for HUD to perform for each property any environmental review required by 24 CFR Part 50; 2) carry out mitigating measures required by HUD or select alternate eligible property; and 3) not acquire, rehabilitate, convert, lease, repair, demolish or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property, until HUD approval of the property is received.

**l. OMB Administrative Requirements and Cost Principles.** See Section VI.B.8. of the 2015 NOFA General Section.

**m. Drug-Free Workplace.** See Section VI.B.9. of the 2015 NOFA General Section.

**n. Safeguarding Resident/Client Files.** See Section VI.B.10. of the 2015 NOFA General Section.

**o. Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub.L. 109-282)(Transparency Act), as amended.** See Section VI.B.11. of the 2015 NOFA General Section.

**p. Physical Accessibility.** See Section VI.B.13. of the 2015 NOFA General Section.

**4. Other Requirements.**

This program has eligibility criteria for beneficiaries.

See Section I.A.1.e.i. of this NOFA for information about the eligibility criteria for PSH Intervention program participants.

## IV. Application and Submission Information.

### A. Obtaining an Application Package.

An electronic copy of the Application Package and Application Instructions for this NOFA can be downloaded from Grants.gov at http://www.grants.gov/applicants/apply-for-grants.html. Unless an applicant received a waiver for good cause, applications must be submitted electronically via Grants.gov except Continuum of Care applications. The Continuum of Care application is submitted through HUD's e-snaps system.

An applicant demonstrating good cause may request a waiver from the requirement for electronic submission. Applicants that cannot submit their applications electronically and must seek a waiver of the electronic grant submission requirements must submit a waiver request so that the request is received at least 15 days before the application deadline. If HUD waives the requirement, your paper application must be received by HUD before the deadline of this NOFA. To request a waiver and receive a paper copy of the application materials, you should contact:

Norm Suchar

Director, Office of Special Needs Assistance Programs

Office of Community Planning and Development

Department of Housing and Urban Development
451 7th Street SW
Room 7262
Washington, DC 20410
Email: Marlisa.M.Grogan@hud.gov

Waiver requests must be submitted in writing, either via email or mail. Emailed waiver requests must be submitted no later than 15 days prior to the application deadline date to Marlisa.M.Grogan@hud.gov. Written waiver requests must be postmarked no later than 15 days prior to the application deadline date and addressed to: Norm Suchar, Director, Office of Special Needs Assistance Programs, Community Planning and Development, Department of Housing and Urban Development, 451 7th Street SW, Room 7262, Washington, DC 20410.

## B. Content and Form of Application Submission.

To ensure that the correct Application Package and Application Instructions are used, applicants must verify that the CFDA number and CFDA Description on the first page of the Application Package downloaded from Grants.gov, as well as the Opportunity Title, and the Funding Opportunity Number match the Program and NOFA to which they are applying. Applications will only be considered for the competition indicated in boxes 11, 12, and 13 on the SF-424 submitted in the application.

**1. Content**

Forms for your package include the forms outlined below:

| Forms / Assurances / Certifications | Submission Requirement | Notes / Description |
|---|---|---|
| Certification for a Drug-Free Workplace (HUD50070) | | |
| Disclosure of Lobbying Activities SFLLL | | See Section III.C.4. of the 2015 NOFA General Section. |
| Application for Federal Assistance SF 424 | | See Section IV.G.3. of the 2015 NOFA General Section. |
| Survey on Equal Opportunity for Applicants (SF424 SUPP), if applicable | | To be completed by private nonprofit organizations only |
| Third Party Documentation Facsimile Transmittal (HUD96011) | | To be used as the cover page to transmit third party documents and other information designed for each specific application for tracking purposes. HUD will not be able to match faxes to an application unless the application contains the HUD96011 fax cover page and each fax submitted uses the HUD96011 as the cover page to the facsimile transmission. |

| | | |
|---|---|---|
| HUD Applicant Recipient Disclosure Report (HUD) 2880 Applicant/Recipient Disclosure/Update Report | | *Section IV.B.1. of this NOFA describes applicants eligible to apply for funding under this NOFA. Please note that HUD does not provide any funding to nor does it accept applications from individuals. Individuals are cautioned against listing their Social Security Numbers in block number 2 of the HUD-2880. Rather, only the organization's employer ID number should be listed.* |
| Acknowledgment of Application Receipt (HUD2993), if applicable | This form is applicable only to applications submitted on paper, following receipt of a waiver of electronic submission. | This form is not required but is available for applicants who want confirmation that their hard-copy application was received by HUD. The form must be submitted with the application, in accordance with the application submission instructions included in the waiver of electronic submission. |

Additionally, your complete application must include the following narratives and non-form attachments:

- ***(Threshold Criterion)*** Non-profit certification is required for public and private non-profit applicants;
- ***(Threshold Criterion)*** Letter of Interest from an Intermediary Advisor, demonstrating that an entity with substantial PFS experience agrees to serve as the applicant's mentor for purposes of the PFS Demonstration, if applicable;
- ***(Threshold Criterion)*** Letter of Support from the CoC(s) serving in the Demonstration Site's service area;
- ***(Threshold Criterion)*** Letter of Interest from the government entity, which meets the following criteria:
    - Signed by the representative(s) of the government entity with the authority to commit to a partnership with the intermediary;
    - Establishes that the government entity intends to partner with the applicant to pursue a PFS-finance PSH Intervention for the reentry population;
    - Confirms that the government entity is willing to establish with the applicant a memorandum of agreement to share relevant data with the intermediary for the purposes of the PFS Demonstration in accordance with all applicable confidentiality requirements;
- Organization's Code of Conduct if it is not listed on HUD's website at http://www.hud.gov /offices/adm /grants /codeofconduct /cconduct.cfm or if the information on the website has changed;
- ***(Threshold Criterion)*** Certification that the applicant agrees to assist HUD to comply with 24 CFR Part 50, and will:
    - Supply HUD with all available, relevant information necessary to HUD to perform for each property any environmental review required by 24 CFR Part 50;
    - Carry out mitigating measures required by HUD or select alternate eligible property; and
    - Not acquire, rehabilitate, convert, lease, repair, demolish, or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property, until HUD approval of the property is received.
- Narratives (not to exceed 45 single-sided pages):
    - ***(Threshold Criterion)*** Executive Summary
    - Program Design
    - Organization Experience and Commitment
    - Staff Experience
    - Project Budget

**2. Format and Form**

Narratives and other attachments to your application must follow the following format guidelines:

**a. Page Limit and Formatting Requirements.** The total number of pages submitted for the required narrative section must be equal to or no more than 45 single-sided pages of text based on 8.5 by 11 inch paper, using a standard 12-point font with at least .5 inch margins. Reviewers will not review more than 45 pages for all the rating factors combined. Required HUD forms and attachments are not included in the 45-page limit. See the 2015 NOFA General Section for guidance on the format for the naming of the files for the narratives.

**b. Prohibition on Materials Not Specifically Requested.** Materials other than what is specifically requested by HUD in this NOFA should not be submitted. Reviewers will not consider resumes, charts, videos, letters, or any other documents attached to the application not specifically requested by HUD.

## C. DUNS Number and SAM Registration.

Please refer directly to Section IV.C of the General Section, available at Grants.gov or HUD's Funds Available page, http:// portal.hud.gov /hudportal /HUD?src= /program_offices /administration /grants /fundsavail.

## D. Application Submission Dates and Times.

The application deadline is 11:59:59 p.m. Eastern time on **February 11, 2016**. Applications must be received no later than the deadline. Please refer to the General Section for more information about timely receipt of applications.

Submit your application to Grants.gov unless a waiver has been issued allowing you to submit your application in paper form or you are applying for the Continuum of Care program. The Continuum of Care application is submitted through HUD's e-snaps system. Instructions for submitting your application to Grants.gov are contained within the Application Package you downloaded from Grants.gov. Instructions for submitting your paper application will be contained in the waiver of electronic submission.
Your application must be **both received and validated** by Grants.gov. Your application is "received" when Grant.gov provides you a confirmation of receipt and an application tracking number. **If you do not see this confirmation and tracking number, your application has not been received.**
After your application has been received, your application still must be validated by Grants.gov. During this process, your application may be "validated" or "rejected with errors." To know whether your application was rejected with errors and the reason(s) why, you must log into Grants.gov, select "Applicants" from the top navigation, and select "Track my application" from the drop-down list. If the status is "rejected with errors," you have the option to correct the error(s) and resubmit your application before the Grace Period ends. **If your application was "rejected with errors" and you do not correct these errors, HUD will not review your application.** If your status is "validated" your application will be forwarded to HUD by Grants.gov.
1. **Resubmitting an Application.**
Before the submission deadline, applicants who choose to amend an application that has been validated by Grants.gov have several options:

(1) an applicant may email the new or revised supporting materials to ApplicationSupport@hud.gov; or
(2) an applicant may fax the additional supporting documents using the form HUD-96011.
(3) an applicant may resubmit an entire, revised application via Grants.gov containing the new or changed material;

Whichever option is used, all materials must be received by the applicable deadline.
When submitting additional supporting documentation via email, the applicant must enter "Supporting Documentation" plus the Grants.gov application tracking number in the subject line of the email. (e.g., Subject: Supporting Documentation - GRANT12345678). If this information is not included, HUD will not be able to match the response to the application under review and the application may therefore be rejected due to the deficiency.
When submitting additional supporting documentation by fax, the applicant must enter the document name in the box labeled "Name of Document Submitting" in form HUD96011. When submitting a fax, applicants must follow the fax requirements found elsewhere in this notice. If the fax transmittal form from the last application submitted is not the cover page to the applicant's response HUD will not be able to match the response to the application under review and the application may therefore be rejected due to the deficiency.
When resubmitting an application that was previously validated by Grants.gov, all documents faxed in support of the original submission must be either attached to the Grants.gov resubmission or faxed again using the form HUD-96011.

If faxing, you must fax the materials, including materials faxed by a third party, after the resubmitted application has been validated by Grants.gov. All faxed materials must be received by the applicable deadline.

**2. Grace Period for Grant.gov Submissions.**

If an application is received by Grants.gov before the deadline, but is rejected with errors, applicants have a grace period of 24 hours beyond the application deadline to submit a corrected application that is received and validated by Grants.gov. Any application submitted during the grace period that does not meet the criteria above will not be considered for funding. There is no grace period for paper applications. See the General Section for more information about the grace period.

**3. Late Applications.**

An application received after the Program NOFA deadline date that does not meet the requirements of the grace period policy will be marked late, and will not be considered for funding.

### E. Intergovernmental Review.

This program is not subject to Executive Order 12372, Intergovernmental Review of Federal Programs.

### F. Funding Restrictions.

**1. Housing and Services.** PFS Demonstration grant funding cannot be expended on the direct provision of housing or services.

**2. Administrative Cap.** Grantees may use up to 10 percent of the total grant award on administrative costs related to the general management and oversight of PFS Demonstration activities. Administrative costs do not include staff and overhead costs directly related to carrying out eligible PFS Demonstration activities, which are eligible as part of those activities.

### G. Other Submission Requirements.

**1. Lead Based Paint Requirements.**

When providing housing assistance funding for purchase, lease, support services, operation, or work that may disturb painted surfaces, of pre-1978 housing, you must comply with the lead-based paint evaluation and hazard reduction requirements of HUD's lead-based paint rules (Lead Disclosure; and Lead Safe Housing (24 CFR part 35)), and EPA's lead-based paint rules (e.g., Repair, Renovation and Painting; Pre-Renovation Education; and Lead Training and Certification (40 CFR part 745)).

Lead Based Paint requirements also apply when providing education or counseling on buying or renting housing that may include pre-1978 housing, when required by regulation or policy, inform clients of their rights under the Lead Disclosure Rule (24 CFR part 35, subpart A), and, if the focus of the education or counseling is on rental or purchase of HUD-assisted pre-1978 housing, the Lead Safe Housing Rule (subparts B, R, and, as applicable, F - M).

## V. Application Review Information.

### A. Review Criteria.

**1. Rating Factors.**

Points are assigned for four rating factors: Program Design, Organization Experience and Commitment, Staff Experience, and Project Budget. Applications will be evaluated based on the quality of overall program design for all phases of the PFS project - not only for the eligible activities for which funding is requested by the applicant. Applicants are advised to fully develop their responses to all narrative prompts, not only those that are specific to an eligible activity for which the applicant is applying. The table below outlines the selection criteria by rating factor and subcategories with the points that may be awarded for each out of a possible 100 total points.

| Rating Factors | Points | Subcategory | Points |
|---|---|---|---|

| Executive Summary | Threshold criterion | | Threshold criterion |
|---|---|---|---|
| Program Design | 50 | Demonstration Site Selection and Partnership | 15 |
| | | Goals and Objectives | 15 |
| | | Description of Activities | 15 |
| | | Work Plan and Deliverables | 5 |
| Organization Experience and Commitment | 35 | Project Experience with PFS, Social Financing | 12 |
| | | Project Experience with PSH and Reentry Population | 12 |
| | | Experience in Project Management | 6 |
| | | Organizational Commitment beyond Grant | 5 |
| Staff Experience | 8 | Proposed Team Capacity, Expertise, and Experience | 8 |
| Project Budget | 7 | Budget Forecast and Justification for Each Eligible Activity | 7 |
| TOTAL | 100 | | 100 |

a. (Threshold Criterion) Executive Summary (all applicants). Maximum Points: 0

The applicant must submit an executive summary, which:

i. Demonstrates that it meets the criteria of an eligible applicant;

ii. Identifies for which of the four eligible activities it is applying;

iii. Identifies the Demonstration Site where the project will be executed (Reminder: applicants may only submit one application per Demonstration Site but may submit multiple applications if they wish to apply for more than one PFS project);

iv. Identifies its actual or expected partners and their roles for the PFS project; and

v. Describes the scope of need for PSH for the target population within the Demonstration Site's geography.

b. Program Design Maximum Points: 50

**i. Demonstration Site Selection and Partnership (all applicants).** The applicant successfully:

**(a)** Identifies the specific geographic area (e.g., census tract(s), jurisdictional boundaries) of the Demonstration Site where the project will be executed;

**(b)** Demonstrates that the selected Demonstration Site is located in a geography not currently being served by one or more PFS projects with a focus on PSH;

**(c)** Demonstrates that the selected Demonstration Site is located in an area that is conducive to the reentry population's access to transportation, safe housing, and employment opportunities.

**(d)** Demonstrates, with data-driven methods, the extent to which recidivism and homelessness is a problem within the Demonstration Site;

**(e)** ***(Threshold Criterion)*** Describes the specific target population expected to be served by the PSH Intervention, which is consistent with the target population identified in this NOFA. If the applicant's

PSH Intervention intends to target a subpopulation of the reentry population identified in this NOFA, the applicant must identify the targeting criteria and provide a rationale for doing so, and ensure the criteria do not exclude persons based on any protected class;

**(f)** ***(Threshold Criterion)*** Demonstrates, with data-driven methods, that at least 100 households representative of the target population can be expected to be served within the geography of the selected Demonstration Site;

**(g)** Demonstrates that there is local capacity and stakeholder willingness to support PFS Feasibility Analysis and/or Transaction Structuring activities for the purpose of financing a PSH Intervention for the target population at the selected Demonstration Site; and

**(h)** ***(Threshold Criterion)*** Demonstrates that there is an existing or potential partnership between the applicant and a governmental entity as evidenced by a letter of interest from the government entity, which meets the following criteria:

**(1)** Signed by the representative(s) of the government entity with the authority to commit to a partnership with the intermediary;

**(2)** Establishes that the government entity intends to partner with the applicant to pursue a PFS-finance PSH Intervention for the reentry population; and

**(3)** Confirms that the government entity is willing to establish with applicant a memorandum of agreement to share relevant data with the intermediary for the purposes of the PFS Demonstration in accordance with all applicable confidentiality requirements.

**ii. Goals and Objectives (all applicants).** The applicant successfully:

**(a)** Specifies PFS project objectives that are consistent with the five PFS Demonstration objectives specified in Section I.A.1.a.iv.(b). of this NOFA;

**(b)** Identifies the measurable outcomes that the PSH Intervention intends to achieve and explains how those outcomes can be expected from the PSH Intervention;

**(c)** Demonstrates how it will ensure that the operationalization of the PSH Intervention is consistent with HUD's programmatic guidelines for PSH, provided that the proposed PFS project is deemed feasible;

**(d)** Demonstrates how the proposed project will add to the evidence base on PSH or PFS, and is distinct from, or will augment, rather than duplicate or supplant, other federally-funded projects in the case that the applicant is a current recipient of, or is under consideration for, other federal funding;

**(e)** Describes how the proposed activities will strengthen the capacity of the government entity, service provider(s), and other partners, as applicable, with the resources and expertise needed to identify, assess, support, and scale a PSH Intervention financed with PFS financing;

**(f)** Describes how the applicant will ensure that the PFS Contract has sufficient support and is ready to be well-implemented; and

**(g)** Describes how the proposed activities will increase awareness in the field about how to successfully structure PFS Contracts for PSH Interventions.

**iii. Description of Activities and PSH Intervention Design (all applicants).** The applicant successfully:

**(a)** ***(Threshold Criterion)*** Describes how the applicant will be a peer resource to other PFS Demonstration grantees and collect and disseminate via HUD's website knowledge and useful tools stemming from each phase of the program that can benefit the broader social sector, including the need for an open-source sharing of all key project documents, including contracts, as well as documenting and sharing lessons learned;

**(b)** Describes how the applicant plans to design a Feasibility Analysis to provide government entities and/or nonprofit service providers with the resources and expertise needed to effectively determine their ability to participate in PFS Contracts, including the tasks and deliverables, such as those identified in Section I.A.1.c.i. of this NOFA, that the applicant intends to undertake; or

Describes, if the applicant already completed a Feasibility Analysis for the Demonstration Site's PFS

Contract for the provision of PSH for the target population, the key observations, results, and recommendations of that analysis;

**(c)** Describes how the applicant plans to assist government and nonprofit partners, once a project is found feasible, to structure and close a PFS Contract for the implementation of a PSH Intervention for the reentry population at a particular Demonstration Site, including the tasks and deliverables, such as those identified in Section I.A.1.c.ii. of this NOFA, that the applicant intends to undertake;

**(d)** Describes how the applicant plans to provide government partners with the resources and expertise needed to effectively assess whether outcome goals have been met and whether achievement of these outcomes are reasonably attributable to the implementation of PSH and enhanced service delivery;

**(e)** Describes the specific PSH models that would have a high likelihood of success in implementation within the Demonstration Site (for example, scattered-site versus project-based, use of the Housing First approach, or other characteristics as applicable) and how it is appropriate for the Demonstration Site and target population;

Note: DOJ and HUD expect that this approach will be further examined in the Feasibility Analysis, but those applicants that have not yet completed the analysis are expected to provide as much information as is available, based on current knowledge of homeless data, data on the available housing stock, and other known factors.

**(f)** Describes a clear plan to identify and maintain high-performing homeless assistance providers with a successful track record of providing PSH within the Demonstration Site's service area;

**(g)** Describes a clear plan to assess the local capacity to set up (for Feasibility Analysis and Transaction Structuring) and maintain (for Contract Implementation) a strong framework for the implementation of the PSH Intervention, such as coordination with the local CoC(s), corrections facilities, and emergency services providers, as well as setting up effective referral mechanisms;

**(h)** Defines a menu of housing and services to be provided through the PSH Intervention that can be expected to be negotiated in the PFS Contract;

**(i)** Provides a clear plan to ensure the strong coordination with and support of partners and that the applicant has the resources needed to close the PFS Contract and facilitate the successful implementation of the PSH Intervention, including any ramp-up activities;

**(j)** Describes how the applicant will support the evaluation of the PFS Demonstration, including a description of systems available to collect and store information, ability to interface with HUD's national evaluation team, and compatibility with the project design;

**(k)** Describes its past experience, and that of any Intermediary Advisor, working with or managing a contract with a third-party evaluator;

**(l)** Describes a clear selection plan and the standards by which it will assess potential third-party evaluators;

**(m)** Describes a detailed plan to ensure strong oversight of and support for third-party evaluators;

**(n)** Describes how the third-party evaluator is expected to utilize a methodology with an acceptable level of rigor to credibly substantiate that outcomes were achieved as a result of the PSH Intervention and not other circumstantial factors or "creaming;"[1] and

**(o)** Identifies which entity or entities will be responsible for delivering the Success Payments and the relationship between funding sought and any expected net cost savings or cost-effectiveness of the intervention.

Note: DOJ and HUD expect that potential payors will be further examined in the Feasibility Analysis, but those applicants that have not yet completed the analysis are expected to provide as much information as is available, based on current knowledge.

**iv. Work Plan and Deliverables (all applicants).** The applicant successfully:

**(a)** Defines all project task data outputs and work plan deliverables for each eligible activity with associated timelines, including milestones, for the project period. The work plan should also address the time required for all necessary planning and ramp-up activities; and

**(b)** Details required staff time and positions needed to complete tasks, including whether staff are part of the existing team or will need to be hired, contracted (in the case of contractors), or subawarded (in the case of subrecipients).

Footnote:

[1] "Creaming" is a term describing the selection of participants who are the most likely to achieve positive outcomes, rather than assisting participants who have the highest needs.

| c. Organization Experience and Commitment | Maximum Points: 35 |
|---|---|

**i. Recent Experience and Performance with PFS, Social Financing, or Related Activities (all applicants).** The applicant successfully:

**(a)** Demonstrates recent and ongoing experience in performing the same or similar activities as those for which it is applying under the PFS Demonstration; or

Identifies an Intermediary Advisor and describes that entity's experience in executing PFS projects;

**(b)** Demonstrates its experience, and that of any Intermediary Advisor, in conducting Feasibility Analyses or other related activities;

**(c)** Describes the results of Feasibility Analyses completed by the applicant and any Intermediary Advisor, as applicable;

**(d)** Demonstrates its experience, and that of any Intermediary Advisor, with coordinating and managing PFS Contracts, financial modeling and estimation of return on investment and cost-benefit analysis, marketing the PFS Contract to potential investors, capital raising, and developing contracts and supplementary documentation;

**(e)** Describes the results of the PFS Contract negotiations facilitated by the applicant and any Intermediary Advisor, as applicable;

**(f)** Describes its experience, and that of any Intermediary Advisor, with selecting, coordinating, and managing a third-party evaluator for the purposes of a PFS project, including coordinating between an evaluator and other project stakeholders to ensure that the evaluation and service delivery designs are compatible; and

**(g)** If a potential third-party evaluator is being considered: identifies the evaluator and demonstrates the evaluator's qualifications and experience in collecting and assessing client-level data and validating outcomes using a rigorous methodology.

**ii. Project Experience with the PSH model and the Reentry Population (all applicants).** The applicant successfully:

**(a)** Demonstrates familiarity with peer-reviewed research establishing PSH as an evidence-based practice;

**(b)** Demonstrates prior and ongoing experience in PSH initiatives for high-need target populations experiencing homelessness;

**(1)** Describes its role in the PSH initiative(s);

**(2)** Describes the scope of the PSH initiative(s) (i.e., number of units, number of participants served, description of the target population, etc.) in which the applicant was involved;

**(c)** Demonstrates prior and ongoing experience working with the reentry population;

**(1)** Describes its role in the project(s) targeting the reentry population; and

**(2)** Describes the scope of the project(s) targeting the reentry population.

**iii. Experience in Project and Financial Management (all applicants).** The applicant successfully:

**(a)** Demonstrates experience managing and overseeing PSH initiatives or similar outcome-based social service projects with examples of how and what project goals were achieved;

**(b)** Demonstrates experience in managing investor resources;

**(c)** Describes at least one example of setting, implementing, and achieving goals with its current or past partners, especially those types of stakeholders identified in the application (e.g., governmental entities, homeless assistance providers);

**(d)** Demonstrates capacity to manage partners throughout the period of performance, including the PSH Intervention implementation and collection of outcomes data, with an ability to respond to sudden increases or decreases in project activity;

**(e)** Demonstrates experience in or capacity to manage federal grants, particularly addressing:

**(1)** The ability to account for funds appropriately, the timely use of funds received from HUD or other federal, state, or local programs, the timely submission and quality of reports submitted to HUD; meeting program requirements, meeting performance targets, meeting timelines for the completion of activities. To the extent that the applicant has experienced a recapture of funds under an open cooperative agreement or contract with a government entity in the last five years, the applicant must disclose this information and address how the issues were resolved. Failure to disclose past performance issues will result in disqualification; or

**(2)** If new to federal funding, the capacity to ensure compliance with federal grant and financial management requirements.

**(f)** Demonstrates how it will hold itself and its partners accountable for meeting interim objectives and program goals.

**iv. Commitment beyond the PFS Demonstration (all applicants).** The applicant successfully:

**(a)** Demonstrates a commitment to continue to invest in PFS or performance-based PSH Interventions for the target population and other vulnerable populations beyond the project period; and

**(b)** Describes a strategy for ensuring partners, such as government entities, are positioned to continue the performance-based PSH Intervention beyond the project period, including specific ways to continue assisting program participants who still require ongoing PSH assistance.

| d. Staff Experience: Proposed Team Capacity, Expertise, and Experience (all applicants). The applicant successfully: | Maximum Points: 8 |
|---|---|

**i.** Presents a qualified roster of staff members, including management, board members, and partners that have demonstrated experience, capacity and track record to effectively implement the proposed PFS Demonstration activities, including the PSH Intervention;

**ii.** Describes roles and responsibilities of each team member, ensuring all key facets of the project have clear owners with appropriate experience;

**iii.** Identifies the proposed project lead(s) and demonstrates their expertise, based on past experience in PFS or similar social financing projects;

**iv.** Demonstrates expertise, based on past experience, in structuring and implementing PSH for vulnerable populations; and

**v.** Demonstrates a record of leadership and project buy-in from the organization's governance structure and key partners.

| e. Project Budget: Budget Forecast and Justification for Each Eligible Activity (all applicants). The applicant successfully: | Maximum Points: 7 |
|---|---|

**i.** Describes the annual budget per year for each year of the proposed project period. The applicant should estimate the time (number of years) required to complete the project, based on the current status of the project and the eligible activities for which it is applying;

**ii.** ***(Threshold Criterion)*** Proposes a reasonable budget, including grant funds in an amount not exceeding $1,300,000, that will adequately support program activities and achieve desired outputs and outcomes;

**iii.** Indicates whether the program will leverage additional funding, such as philanthropic resources, to cover remaining costs of Feasibility Analysis, Transaction Structuring, Outcome Evaluations, and/or Success Payments;

**iv.** Demonstrates how the program has or can expect to obtain diverse non-federal resources for sustaining the PSH Intervention;

**v.** Describes expenses by eligible activity type (i.e., Feasibility Analysis, Transaction Structuring, Outcome Evaluation, Success Payments) and includes all deliverables;

Note: If requesting funding for ramp-up costs, the applicant budgets those costs under Transaction Structuring and addresses how the PFS Contract can be expected to:

**(a)** Account for any potential changes in risk associated with the separate funding of ramp-up activities; and

**(b)** Allow for potential appropriate contract modifications based on lessons learned during the ramp-up phase, including potential modification of outcome targets, time horizons, programmatic changes, and the amount and structure of Success Payments;

**vi.** If not requesting funding for all of the four specific eligible activities, the applicant describes how those activity costs will be funded and/or substantiates that a specific PFS project phase has been completed. For example:

**(a)** If an applicant is not requesting funding for the Feasibility Analysis phase of the PFS process, the applicant: (1) identifies other available sources of funding that have been leveraged to cover the costs of a Feasibility Analysis that is underway or will be completed for the PSH Intervention; or (2) demonstrates that a Feasibility Analysis for a PFS PSH Intervention was completed and a PFS PSH Intervention was deemed feasible.

**(b)** If an applicant is only requesting funding for Feasibility Analysis, the applicant demonstrates how the project is expected to progress to the Transaction Structuring and PFS Contract Implementation phases, including the available sources of funding to cover the associated costs.

**(c)** If an applicant is only requesting funding for Success Payments, the applicant: (1) identifies other available sources of funding that have been leveraged to cover the costs for the Feasibility Analysis, Transaction Structuring, and PFS Contract Implementation phases of the PFS process; or (2) demonstrates, including documentation, which phases have been completed successfully.

**2. NOFA Priorities.**
HUD encourages applicants for funding to undertake programs and projects that contribute to HUD's NOFA Priorities. Applicants that undertake activities that result in achievement of specific NOFA Priorities listed below are eligible to receive priority points in the rating of their application. These points will be awarded only if the application otherwise meets or exceeds the Program's minimum fundable score based on the rating factors of this NOFA.

**Priority points are not available for this program.**

**3. Bonus Points.**
In support of certain inter-agency initiatives, HUD awards bonus points to projects where the preponderance of work will occur in a designated zone, community or region. **These points will be awarded only if the application otherwise meets or exceeds the Program's minimum fundable score based on the rating factors of this NOFA.**

Bonus points are not available for this program.

## B. Reviews and Selection Process.

**1. Review Process.** DOJ, HUD, and other federal partners with experience related to PFS, PSH, the reentry population, and/or evidence-based interventions will review applications in two phases:

**a. Phase 1: Threshold Eligibility Requirements.** DOJ, HUD, and other federal partners will review the application to determine whether it meets the threshold eligibility requirements in Section III.C.2. of the 2015 NOFA General Section and Section III.C.2. of this NOFA. Applicants who fail to meet all of the threshold eligibility requirements (which includes their subgrantees and other partners meeting the Civil Rights Threshold) will be deemed ineligible. Applications from ineligible applicants will not be evaluated.

**b. Phase 2: Application Scoring.** If the application meets all threshold eligibility requirements, DOJ, HUD and other federal partners will review and score the application using the selection criteria outlined in Section V.A.1. of this NOFA. After individual reviewers assign a score, each application will be paneled with an additional reviewer for a final score. Applications that do not meet the threshold requirements are automatically ineligible for funding.

**2. Selection Process**

**a. Ranked Order.** Once final scores have been assigned, applications will be listed in ranked order. The amount awarded to applications will be determined according to the factors described below in Section V.B.2.c. of this NOFA.

**b. Selection of Successful Applicants.** In addition to applicants' rank, DOJ and HUD will also consider the geographic areas of the Demonstration Sites, and the number of applications per applicant that fall within the fundable range. In the interest of building PFS capacity in areas where no PFS activity currently exists and among a greater number of intermediaries across the country, DOJ and HUD reserve the right to limit the number of awards any one applicant receives.

**c. Funding Decisions.** In determining the amount awarded to a successful applicant, DOJ and HUD will take into consideration the amount of funds available; the applicant's current organizational capacity to effectively deliver the assistance requested by DOJ and HUD, where and when required, as presented in the application, including, among other things, the number, quality, and experience of their key personnel; the final score assigned to the application by DOJ and HUD reviewers; and the applicant's past performance in managing and/or delivering technical assistance, capacity building, and other PFS-related activities that are the same or similar to the activities described in this NOFA. There may be insufficient funds available to make an award to every application scoring within the fundable range.

As detailed in the 2015 NOFA General Section, a selected applicant may be required to participate in negotiations to determine the specific terms of the funding agreement and budget after HUD has rated and ranked all applications and made selections. HUD also reserves the right to fund less than the full amount requested in an application to ensure the fair distribution of funds and enable the purposes or requirements of a specific program to be met. See Sections VI.A.6. and VI.A.7. of the 2015 NOFA General Section for more information.

**3. Corrections to Deficient Applications.** Applicants will have 14 calendar days in which to provide missing information requested by HUD. Instructions on the submission of cures for deficiencies will be provided by HUD. See Section V.B.3. of the 2015 NOFA General Section for additional information on the process to be followed for corrections to deficient applications.

### C. Anticipated Announcement and Award Dates.

DOJ and HUD anticipate announcing the results of the PFS Demonstration by DATE.

## VI. Award Administration Information.

### A. Award Notices.

Following the evaluation process HUD will notify successful applicants of their selection for funding. HUD will also notify all other applicants, whose applications were received by the deadline, that have not been chosen for award. Notifications will be sent by email, delivery receipt requested, to the person designated in item 8F of the SF424 and to the person listed as authorized representative in item 21 of the SF424.

A notification sent to a successful applicant is not an authorization to begin performance. Upon notification that an applicant has been selected for award, DOJ and HUD may request additional information to be submitted or may work with the applicant to amend information that was already submitted as part of the application. In addition, notification of award does not constitute approval of the Demonstration Site. After award, HUD will complete an environmental review of proposed site(s) to the extent required under 24 CFR part 50, in accordance with Section III.C.3.k of this NOFA. The cooperative agreement signed by HUD is the authorizing document for grant activities and will be sent at a later date. See Section VI.A. of the 2015 NOFA General Section for more information on negation and adjustments to funding.

### B. Administrative, National and Departmental Policy Requirements.

Certain Administrative, National and Departmental Policy Requirements apply to all HUD programs, including this NOFA. For a complete list of these requirements, see Section VI.B. of the General Section.

See Section III.C.3. of this NOFA for information about Administrative, National, and Departmental Policy Requirements.

### C. Reporting.

Please refer to Section VI of the General Section for a description of the general reporting requirements applicable to all HUD NOFAs.

**1. Program Progress.** Awardees will be required to submit Annual Performance Reports in a manner specified by HUD. In general, HUD requires reports to include financial and performance data as actual outputs and outcomes achieved, and a narrative explanation of any disparity between projected and actual results. See Section I.A.1.d.i. of this NOFA for more information about performance measurement and reporting requirements.

**2. Transparency Act Reporting.** Award notices may also include requirements for sub-award reporting in compliance with the requirements of the Federal Financial Assistance Accountability and Transparency Act of 2006 (Pub. L. 109-282) (Transparency Act) and Section 872 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 (Pub. L. 110-417), referred to as "Section 872." See Section VI.B.11. of the 2015 NOFA General Section for more information about Transparency Act reporting requirements.

Questions regarding specific program requirements should be directed to the point of contact listed in Section VII below.

## VII. Agency Contact(s).

HUD staff will be available to provide clarification on the content of this NOFA. Please note that HUD staff cannot assist applicants in preparing their applications. Questions regarding specific program requirements should be directed to the point of contact listed below.

Questions regarding the PFS Demonstration NOFA are to be directed to the Office of Special Needs Assistance Programs, HUD Headquarters, telephone number (202) 402-4350 (this is not a toll-free number) or Marlisa.M.Grogan@hud.gov. Questions regarding the 2015 NOFA General Section should be directed to the Grants Management Office (202) 708-0667 (this is not a toll-free number). Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at (800) 877-8339.

Questions concerning the General Section should be directed to the Office of Strategic Planning and Management, Grants Management and Oversight Division at 202-708-0667 (this is not a toll-free number).
Persons with hearing or speech impairments may access these numbers via TTY by calling the toll-free Federal Relay Service at 800-877-8339.

## VIII. Other Information.

**Paperwork Reduction Act Statement.** The information collection requirements in this this notice have been approved by OMB under the Paperwork Reduction Act of 1995 (44 U.S.C.3501-3520). In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a valid OMB control number. Each Program NOFA will identify its applicable OMB control number unless its collection of information is excluded from these requirements under 5 CFR part 1320.

A Finding of No Significant Impact (FONSI) with respect to the environment has been made for this NOFA in accordance with HUD regulations at 24 CFR Part 50, which implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The FONSI is available for inspection at HUD's Funds Available web page at http://portal.hud.gov/hudportal /HUD?src=/program_offices /administration /grants /fundsavail.

**Technical Assistance.** HUD staff will be available to provide general clarification on the content of this NOFA. Before and/or during the time the application is public, HUD will offer general technical assistance, such as webinars or listserv messages.

**Training and Resources.** Application instructions and additional training materials will be posted on the HUD Exchange at www.hudexchange.info. Applicants are encouraged to sign up for the PFS Listserv to receive announcements when resources are posted.

**HUD Exchange Ask A Question (AAQ).** Applicants that require information and technical support regarding this NOFA and application submission may ask questions via the HUD Exchange AAQ at www.hudexchange.info /get-assistance/.

Applicants may use the checklist below as a guide when preparing your application package.

- SF424, Application for Federal Assistance (see Section IV.G.3. of the 2015 NOFA General Section);
- SFLLL, Disclosure of Lobbying Activities (see Section III.C.4. of the 2015 NOFA General Section);
- HUD2880, Applicant/Recipient Disclosure/Update Report ("HUD Applicant Recipient Disclosure Report" on Grants.gov);
- Form HUD50070, Certification for a Drug-Free Workplace;
- SF424, Supplement, Survey on Equal Opportunity for Applicants ("Faith Based EEO Survey" (SF424 SUPP) on Grants.gov) (to be completed by private nonprofit organizations only);
- HUD96011, Third Party Documentation Facsimile Transmittal ("Facsimile Transmittal Form" on Grants.gov) to be used as the cover page to transmit third party documents and other information designed for each specific application for tracking purposes. HUD will not be able to match faxes to an application unless the application contains the HUD96011 fax cover page and each fax submitted uses the HUD96011 as the cover page to the facsimile transmission;
- ***(Threshold Criterion)*** Non-profit certification is required for public and private non-profit applicants;
- Organization's Code of Conduct if it is not listed on HUD's website at http://www.hud.gov /offices/adm ;/grants /codeofconduct ;/cconduct.cfm or if the information on the website has changed;
- ***(Threshold Criterion)*** Letter of Interest from the government entity, which meets the following criteria:
    - Signed by the representative(s) of the government entity with the authority to commit to a partnership with the intermediary;
    - Establishes that the government entity intends to partner with the applicant to pursue a PFS-finance PSH Intervention for the reentry population;
    - Confirms that the government entity is willing to establish with the applicant a memorandum of agreement to share relevant data with the intermediary for the purposes of the PFS Demonstration in accordance with all applicable confidentiality requirements;
- ***(Threshold Criterion)*** Letter of Interest from an Intermediary Advisor, demonstrating that an entity with substantial PFS experience agrees to serve as the applicant's mentor for purposes of the PFS Demonstration, if applicable;
- ***(Threshold Criterion)*** Letter of Support from the CoC(s) serving in the Demonstration Site's service area;
- ***(Threshold Criterion)*** Certification that the applicant agrees to assist HUD to comply with 24 CFR Part 50, and will:
    - Supply HUD with all available, relevant information necessary to HUD to perform for each property any environmental review required by 24 CFR Part 50;
    - Carry out mitigating measures required by HUD or select alternate eligible property; and

- Not acquire, rehabilitate, convert, lease, repair, demolish, or construct property, nor commit or expend HUD or local funds for these program activities with respect to any eligible property, until HUD approval of the property is received.

- Narratives (not to exceed 45 single-sided pages):
  - ***(Threshold Criterion)*** Executive Summary
  - Program Design
  - Organization Experience and Commitment
  - Staff Experience
  - Project Budget